

FINANCIAL TIMES

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NEWS SUMMARY

GENERAL
More die in Iran riots

At least 15 people were killed in Tehran when troops fired on rioters protesting at the exclusion from Iran of Ayatollah Khomeini, the Shah's main opponent.

The final death toll is likely to be much higher and one report said the violence was as bad as anything since the massacre when martial law was introduced last September.

Tension began when 50,000 people, unaware that the Khomeini is staying in Paris for the moment, gathered at Tehran airport to welcome him. Piles of tyres were set on fire and demonstrators marched through the streets.

In spite of yesterday's action by troops, there is increasing disunity in the army, with reports of units deserting or going on strike in support of Khomeini. Page 2

BUSINESS
Equities up 3.1; £ rises 20 points

● **EQUITIES** started hopefully but began to drift just before noon. News of the suspension of one-day rail strikes failed to inject any real enthusiasm. FT 30-share index, up over 8 points on the first day of the Account, closed only 3.1 higher at 465.0, a loss on the week of 13.9 and a net fall on the Account of 9.7.

● **GILTS:** Shorts closed mixed but gains to 3. Mediums and longs ended only marginally firmer, on news of a new £400m Variable issue. Government Securities Index rose 0.09 to 66.56.

● **GOLD** fell \$1 to \$235.5.

● **STERLING** rose 20 points to \$1.9950. Trade-weighted index was unchanged at 63.3. Dollar's depreciation was 5.5 (5.8) per cent.

● **WALL STREET** up 3.11 at 859.75.

● **STOCK EXCHANGE'S** proposed charge for the new computerised settlement system, Talisman, has disappointed many brokers. Cost of using the system for an average bargain of £5,000 is now to be £3.33. Page 3

● **UPWARD PRESSURE** on short-term interest rates was reinforced by a further rise in rates at the weekly tender of Treasury Bills. Back Page

● **NET NEW FUNDS** raised by the non-bank financial institutions fell 8 per cent to £3bn in the third quarter. The fall was matched by a corresponding drop in purchases of British Government Securities. Page 3

● **SPANISH GOVERNMENT** has authorised foreign banks, including Barclays and NatWest, to operate in Spain. Page 2

● **BANK OF ENGLAND** told major creditors of Mr. William Stern's property empire to support its bid for the liquidity crisis of the company. Mr. Stern claimed at the Crown Agents tribunal. Back Page

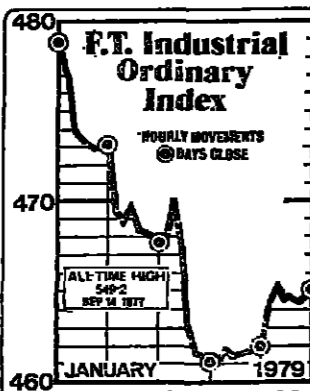
● **MITSUI AND CO.** consolidated net profit plunged 56.1 per cent to ¥1.43bn (about £3.6m) in the half-year ended September 30, against ¥3.2bn a year ago. It blames appreciation of the yen and low demand for raw materials in Japan. Net sales fell 9.3 per cent. Page 23

● **GOLD FIELDS** of South Africa attributable profits advanced to £30.4m (£20.3m) for the half-year to December 31. Page 20

● **JOHN BROWN AND CO.** now see a record figure of about £28m profits, and perhaps slightly better, for the current year, against last November's estimate of not less than £25m. Page 20 and Lex

● **BURT BOULTON Holdings** pre-tax profits slumped from £22.100 to £27.900 in the six months to September 30, due to a loss incurred by the softwood section of the timber business and a lower contribution from the timber buildings company. Page 20

● **WOODSIDE Petroleum** plan to raise A\$40m (about £23m) from a rights issue to shareholders, to increase its petroleum exploration programme. Page 23



Italy crisis

Italy's communists have formally withdrawn support for the Government, a move which is likely to mean the end of Prime Minister Andreotti's Christian Democrat administration. Back Page

Chaos on roads

Black ice and snow brought to a halt a day of chaos on Britain's roads, described by the AA as "absolutely and utterly appalling". Some motorways were partially closed, there were 30 mph limits on others, huge traffic jams built up and there was a spate of minor accidents. Forecast, Back Page

Train deaths

At least 70 people were killed and 200 injured when a crowded train jumped the rails and overturned near Chaudunga, Bangladesh. Doctors said many of the injured were in critical condition.

Briton sought

Palestinian commandos say a woman with a British passport is one of three people they are hunting in connection with the car-bomb killing of one of their top security men in Beirut.

'Bomb' arrests

Seven men and a woman were arrested at Braintree, Essex, in connection with the IRA Christmas bombings. The woman was later released. Three men arrested earlier were remanded in custody by magistrates at Bow Street, London.

Egypt firm

Egypt said it had made no concessions in talks with U.S. envoy Alfred Atherton, seeking to resume the stalled Middle East peace talks. In spite of apparent changes in the Israeli position, Egyptian Premier Khalil said: "Our position is unchanged."

Sim footballer

Trevor Francis, the Birmingham City and England footballer, has been placed on the transfer list. He is expected to cost about £1m—twice the present record British fee.

Open—or shut?

Prime Minister James Callaghan said at the 50th anniversary celebration that projects like the OU would not get increased public funds unless there was wage restraint.

Briefly . . .

Former MP Walter Scott-Elliott and his wife, both murdered in a bizarre series of killings in 1977, left a total of £446,045 in their wills.

Four people died when their vehicle hit a landmine in Namibia (South-west Africa).

Lord Alexander Rufus Isaacs, 1, the Marquess of Reading's son, was fined £100 at Oxford for possessing Cannabis.

British Toy and Hobbies Fair opens at Earls Court, London, today. Page 19

any candidate for Daventry, Northants, will be chosen today, under Labour Minister Reg Price is on the short list.

IF PRICE CHANGES YESTERDAY
is in pence unless otherwise indicated)

RISERS	Stanley (A. G.)	196 + 10
Statis Discount	Tate and Lyle	238 + 16
1991	221 + 3	
the Leslie	60 + 3	
Coca Cola	72 + 4	
pro (J.)	378 + 16	
Ger Churn	282 + 8	
dro 1 Shanghai	297 + 9	
get 1 (R.) Taylor	102 + 11	
were	182 + 6	
of a) rulture	346 + 6	
total	105 + 7	
ent 1		

Murray peace formula lifts rail threat

United Biscuits wins 'unlawful pickets' ruling

BY ALAN PIKE, LABOUR CORRESPONDENT

Secondary picketing by a Transport and General Workers' Union shop steward against a United Biscuits supplier company was declared unlawful in an important High Court decision yesterday.

Mr. Justice Ackner ruled that picketing led by Mr. Reginald Fall at the Purfleet, Essex, premises of Loders and Nucoline, a company which supplies United Biscuits with edible oils, was too far removed from the lorry-drivers' strike to be covered by the protection of the Trades Union and Labour Relations Act.

He granted the company an injunction restraining Mr. Fall from doing anything to cause a breach of contract by United Biscuit employees, or anything which constituted intimidation.

Although the immediate legal force of the injunction applies only to Mr. Fall, the implications are extensive, both for conduct of picketing in the present road haulage strike and on wider questions of picketing law.

In his judgment Mr. Justice Ackner dwelt on the provisions of the Trades Union and Labour Relations Act permitting actions to be taken "in furtherance of a trade dispute".

There could not, he said, be a totally unlimited construction of those words, for it would mean that Parliament was "writing a recipe for anarchy," a proposition which he was unable to accept.

"There must be a presumption that Parliament does not intend to legislate to bring about its own destruction," Mr. Fall's picketing activities, said the judge, were to give moral support to the lorry-drivers' strike, but were not a practical way of giving support.

United Biscuits, in an affidavit referred to by the judge, claimed that pickets at Loders and Nucoline had invariably carried sledgehammers, which intimidated drivers.

The injunction will remain in force pending full trial, or until Mr. Fall applies to have it varied. He was not present in court but said later: "I am waiting for a call from my solicitors about what happens next. I just don't know."

Mr. Moss Evans, general secretary of the Transport and General Workers' Union, and Mr. Alex Kitson, who is co-ordinating the lorry-drivers' strike, were not available for comment at Transport House yesterday.

United Biscuits, said in court to have been losing £127,000 a day through picketing, welcomed the judgment as a "historic decision and a satisfactory day for the rule of law."

Mr. John Silbermann, national chairman of the Road Haulage Association, said last night that he believed a majority of drivers thought the employers' 15 per cent offer was a fair one, and urged the men to return to work.

Groups of drivers in Derby and Swansea staged demonstrations for a return to work.

About 400 drivers returned to work on Tyneside, and more companies in London, Hull and Norwich settled.

In South Wales talks between TGWU officials and the local Road Haulage Association aimed at ending the dispute take place on Tuesday at the request of the employers.

On Monday chairman of the association's regional negotiating committees meet in London.

Details of judgment, Varley's statement and strike effects Page 4

Long-term effects of lorry strike worry CBI

BY JOHN ELLIOTT AND PHILIP RAWSTORNE

INCREASE concern about the lorry strike's impact on long-term profitability of manufacturing industry was pressed yesterday by senior directors of more than 20 big companies.

Mr. Eric Varley, the Industry Secretary, gave a warning that industrial production was on a "knife edge," and said the Government was considering how it could help companies with liquidity problems.

Although the Government has not decided how to give such help, it might decide to provide bank guarantees or to use its various forms of industrial aid.

Manufacturing industry not only faces immediate cash flow problems because goods are held up in factories and the docks. It also faces liquidity problems later in the year when companies must deal with the combined effects of reduced efficiency during the strike and higher wages.

The Confederation of British Industry's economic situation committee, where senior directors and economists from more than 20 manufacturing and retailing companies considered the Confederation's quarterly industrial trends survey, met yesterday under the chairmanship of Sir Ray Pennock, deputy chairman of ICI.

The survey, to be published on Tuesday, will show that the gradual recovery from recession reported in the survey has dropped away with a fall in confidence and extreme concern about levels of pay rises.

In the Commons Mr. Varley reflected the worries of industry that although half the country's companies were still achieving normal production rates, some were down to 60 per cent or less.

Output overall last week had been maintained at about 90 per cent of normal, but the position might deteriorate "extremely quickly."

The level of activity had been kept up only by putting a substantial part of factories' production in stock, which could not be sustained indefinitely.

This is supported by reports from individual companies and the CBI, whose economic committee members reported that the build-up of stocks was hitting.

Continued on Back Page

MINISTERS SEE TUC CHIEFS

Mr. Denis Healey, Chancellor, Mr. Michael Foot, Leader of the House, and three other Ministers attended a special meeting of the TUC economic committee yesterday. They discussed the agenda for talks on Monday between Ministers and the TUC general council at No. 10 Downing Street.

Mr. Len Murray, TUC general secretary, made it plain that an agreement between the TUC and the Government would be struck and it was now a matter of deciding what it contained. Back Page

EEC farm price deadlock

BY MARGARET VAN HATTEM IN BERLIN

EEC GOVERNMENTS are in for a long and destructive battle over farm pricing arrangements after a disastrous meeting of their agricultural ministers in West Berlin yesterday.

Their failure to find common ground has killed hopes of progress towards introduction of the European Monetary System before the next meeting of EEC heads of governments in March.

National officials later described the meeting as "a hopeless mess." France is still insisting that Monetary Compensatory Amounts (MCAs), the subsidies and levies which neutralise the effect on national farm prices of currency fluctuations, should not be allowed to grow on a permanent basis. It demands that newly created ones should be phased out automatically.

Germany will not contemplate any automatic procedure, and will block anything which could cut its farmers' incomes. The Commission sees determined to propose a price freeze for the next year, and Britain says it will block anything other than a freeze in common prices.

Mr. Finn Olav Gundelach, the EEC Commissioner, said yesterday that reconciling these positions would be squaring the circle. The French demand for an automatic procedure would not work and he could not support it.

But in spite of the lack of progress, he would present his long-delayed price proposals to the Commission next Wednesday and these would include a freeze on farm prices, he said. The only modifications would concern MCAs, where certain green currency changes would be proposed for the next year, but not beyond.

No country declared itself categorically against a price freeze, though the Germans, Benelux countries and Ireland said that farm incomes should not be cut.

This leaves open the possibility of national subsidies to compensate farmers, although Herr Josef Ertl, the German Minister, said the German Finance Ministry is totally opposed to this suggestion, and Mr. Alfons van der Stee, the Dutch Minister, said he disliked the idea.

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Shareholders block Volvo's Norway deal

Shareholders block Volvo's Norway deal

BY WILLIAM DUFFORCE IN STOCKHOLM

VOLVO's small shareholders have won their battle to prevent the sale of 40 per cent of their company to Norway.

The Swedish car and lorry manufacturer's Board acknowledged yesterday that it had failed to obtain the necessary two-thirds support from shareholders and cancelled next Tuesday's shareholders meeting.

A proxy count showed that about 40 per cent of the votes at the meeting would go against the Skr 950m (£110m) Norwegian deal negotiated by Mr. Pehr Gyllenhammar, managing director.

Of the proxies collected by the Swedish Shareholders' Association, 68 per cent opposed the stock sale.

Although 82 per cent of other small shareholders favoured the deal, they were not enough to outweigh the association's negative vote. The agreement with Norway could not be completed, the Board said.

The Volvo Board's retreat was "extremely pleasing" to Mr. Haakan Gergils, the shareholders association chairman. The company had been about to make an unfortunate agreement that would have had harmful effects for 30 to 40 years to come, he said.

Criticism

The Board said that it would turn to shareholders to strengthen the company's capital base. It supposed that organisations and capital institutions that had expressed readiness to participate in raising risk capital would assume their responsibility.

A principal criticism of the Norwegian deal has been that Volvo's capital requirements might be met more cheaply on the Swedish market, without the commitments to spend money and finance new jobs in Norway.

Mr. Gyllenhammar commented sharply that he did not know what a "Swedish solution" to Volvo's capital needs meant.

Mr. Gyllenhammar reported preliminary unaudited results for Volvo's trading in 1978 showing an improvement in pre-tax earnings from Skr551m (£60m) in 1977 to Skr650m (£75m). Sales growth had been 18 per cent, giving a total turnover of some Skr19bn (£218m). The Board proposes to pay an unchanged dividend to shareholders of Skr6 a share.

The Swedish media have speculated that rejection of the agreement Mr. Gyllenhammar negotiated would result in his resignation. He has repeatedly said that the agreement did not involve his personal future but

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OVERSEAS NEWS

Spain allows 10 foreign banks to start operations

BY ROBERT GRAHAM IN MADRID

THE SPANISH Government yesterday authorised 10 foreign banks, including Barclays and NatWest to operate in Spain. The authorisation follows a decree last June allowing foreign banks to do business in Spain.

The authorities have taken their time in studying the requests by more than 18 international banks to be allowed to operate under restricted conditions. The limit of 10 appears to be a political decision made because the Government wants to limit the initial impact of the banks on the 109 well-protected Spanish commercial and industrial banks.

down payment of Pta 750m (15m) if they start branch operations. All ten have opted for this, rather than the more expensive Pta 1.5bn requirement for operating through a subsidiary. These foreign banks will be restricted in their peseta business. It will be limited to 40 per cent of their total assets held in Spain, which will prevent them from competing too strongly for deposits. They are also restricted to three branches.



A gradual recovery after the massacre

By Michael Holman

KOLWEZI'S ELYSEE restaurant is back in business. A la carte dishes include asperges en vinaigrette, poulet à la mousme, accompanied by a pichet of wine and Irish coffee.

That selection would cost Zaire 51 (£27), which doesn't deter the 100 or so expatriates who work on the mines. The hub of Zaire's copper and cobalt producing province of Shaba is slowly reviving after days of year, when a rebel force temporarily occupied the town.

Syria, Iraq summit in Damascus

BY OUR FOREIGN STAFF

THE RECENTLY created united front between Syria and Iraq is to be strengthened by a meeting between the countries' leaders in Damascus tomorrow. The rapprochement between these formerly bitter enemies has become stronger than appeared possible when they agreed to sink their differences at the end of October.

Saddam Hussain has shared supreme power with President Bakr since the beginning of the decade. The October 26 agreement between Baghdad and Damascus ended a rift between the two rival wings of the Baath Party which has existed since 1966. The dispute had seen strenuous attempts by each side to overthrow the other.

The October agreement was strengthened by the subsequent pan-Arab meeting in Baghdad to co-ordinate opposition to Camp David. Since then the Iraqis have pursued a more moderate line towards Saudi Arabia, Kuwait, and other conservative Arab States.

After a surprising delay, Syria recently reached an agreement with the Soviet Union for the supply of sophisticated weapons, including MiG-27s. Many agreements reached by these delegations will be ratified in Damascus tomorrow. Furthermore, diplomats in Damascus believe that King Hussein of Jordan and Mr. Yasir Arafat, chairman of the Palestine Liberation Organisation, could join the meeting.

THE CRISIS IN IRAN

Fifteen killed as soldiers fire on Khomeini supporters

BY SIMON HENDERSON AND ANDREW WHITLEY IN TEHRAN

SOLDIERS Poured bursts of automatic rifle fire into rioting crowds in Tehran yesterday. First reports confirmed that a minimum of 15 people were killed, but the true casualty figure is likely to be much higher.



Square massacre when martial law was imposed last September. The shootings indicate that Dr. Bakhtiar's attempt to fill the political vacuum left by the departure of the Shah and the non-arrival of Khomeini is failing.

Austerity budget for Zambia

INTRODUCING a budget which will see the Zambian economy within the austerity terms set down last March by the International Monetary Fund (IMF), Mr. M. J. Lumina, the Finance Minister, yesterday expressed "very cautious optimism" for the year ahead.

French win Polish ship orders

BY DAVID WHITE IN PARIS

FRANCE'S MOST troubled shipyards have been thrown a lifeline in the form of Polish orders for four ships worth about Ffr 1bn (£177m). The heavily subsidised contracts are expected to provide between six and eight months' work at the La Ciotat yard, near Marseilles, and four to five months' work at the Saint-Nazaire yard of Alsthom-Atlantic, both starved of orders.

enough to keep output up to 1977 levels. Production of light commercial vehicles dropped by 4.6 per cent to 360,000, while exports rose by 3.6 per cent and domestic registrations by 1.3 per cent. Heavy vehicles showed a 4 per cent drop in production, reflecting a sharp 6.3 per cent decrease in registrations.

Exports were 2 per cent up for the year, but the December figures left no room for encouragement. Foreign sales were 34 per cent down, and production 19 per cent down. The output level—more than a third below that of December, 1978—was "dramatically inadequate for ensuring companies' activity," the Association warned.

West German trade surplus rises

BY ADRIAN DICKS IN BONN

A FURTHER rise in the West German trade surplus in December to DM 3.3bn (£1.03bn) from November's DM 3.5bn left the country with an embarrassingly large DM 40.7bn positive balance for the year as a whole, compared with DM 38.4bn surplus for 1977.

yesterday by the Federal Statistical Office showed that the current account surplus for 1978 was DM 16.2bn—nearly double the DM 8.6bn of 1977. The 1978 basic balance, including the long-term capital account with the current account, is also expected to show a hefty surplus for last year as a whole, after the first 11 months had produced a

DM 15bn surplus compared with a DM 8.7bn deficit for the same period of 1977. AP-DJ adds from Bonn: The bundestag yesterday approved a record West German budget of DM203.9bn. The 1978 budget, an increase of 7.8 per cent from DM189.1bn last year, contains a DM12.3bn package to stimulate West German growth and in turn boost the world economy.

Soviet warning on Harrier sale

BY DAVID SATTER IN MOSCOW

IZVESTIA, the Soviet Government newspaper, said yesterday that the Soviet Union cannot be indifferent to Harrier jet sales to China and warned that the British Government would not escape responsibility for the consequences.

tents of a letter sent to Mr. James Callaghan, the Prime Minister, from Mr. Leonid Brezhnev, the Soviet President. The newspaper said that the sale of the Harrier to China was "a dangerous course, pregnant with serious consequences for peace, detente and Anglo-Soviet relations."

ing a "frantically anti-Soviet, extremist and adventurist country," it said. Reuters reports from The Hague: It is doubtful whether Soviet oil production will be able to meet its own needs and foreign demand after 1985, Shell Nederland said in a report yesterday.

Angry exiles under U.S. scrutiny

BY MAURICE IRVINE IN LOS ANGELES

IRANIANS in the U.S.—political exiles and students—are coming under a cold investigative eye, largely as a result of the violent demonstrations against the Shah's mother and sister in California earlier this month.

At the bottom of the economic scale are the students; several thousands of them Moslem fundamentalists who do not smoke, drink or countenance extra-marital sex. An official inquiry indicates that about 25 per cent of them are in the U.S. illegally—that is, they are not enrolled at schools which they were admitted to attend.

political take-over by Moslem militants. At the bottom of the economic scale are the students; several thousands of them Moslem fundamentalists who do not smoke, drink or countenance extra-marital sex. An official inquiry indicates that about 25 per cent of them are in the U.S. illegally—that is, they are not enrolled at schools which they were admitted to attend.

Oil supply cut 'not yet serious'

BY ROBERT MAUTHNER IN PARIS

THE SUSPENSION since the end of December of Iranian oil exports has not, so far, posed any major problems for Western oil consumers, but the situation could become serious in three or four months' time if the country's exports were not resumed, according to officials of the 19-nation International Energy Agency (IEA).

Iranian ports by December 26, the last date before exports were cut off, would continue to arrive in U.S., Japanese and European ports until the middle or end of February. Meanwhile stocks of crude and oil products in the member countries were still above the official legal level of 70 days' imports. At the beginning of this month, stocks totalled 377m tonnes, corresponding to 120 days' net imports and 70 days' consumption.

January 1 and March 31. David Lascelles adds from New York: Two more major U.S. oil companies, Texaco and Standard Oil (Ohio), have warned that they may have to start rationing petrol from next month. Texaco said it wanted to keep deliveries at levels set in February, 1978, because of shortages in crude oil supplies partly caused by the effects of the Iran crisis on the open market.

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Ex-security chief revives S. Africa storm

BY QUENTIN PEEL IN JOHANNESBURG

THE DECISION not to prosecute Gen. Hendrik Van Den Bergh, former head of the South African Secret Service, for contempt of the judicial inquiry investigating the activities of the former Information Department, threatens to revive the political storm which it was apparently intended to refuse.

who was the head of the Bureau for State Security (BOSS—now renamed the Department of National Security) until last June. Ironically, it does not appear to be a position he resents, but it causes considerable consternation within the Government. His alleged offence was committed after the publication of the Erasmus Commission of Inquiry into the Department of Information, which severely criticised his role in the establishment of a huge secret propaganda fund. Judge Erasmus described the intelligence chief as arrogant, and a man who would stop at nothing.

The General's response was in keeping with this reputation: He summoned a news conference at his retirement farm outside Pretoria and attacked the conclusions of the Commission, paragraph by paragraph. He described it as a farce, one-sided, and "the biggest character assassination ever committed in South Africa." It was a theatrical exercise, and the General clearly revelled in it, as a deliberate challenge to the new regime of Mr. P. W. Botha.

vaal, announced his decision not to prosecute Gen. Van Den Bergh for contempt, he was disarmingly honest about the reasons. Not only might evidence be produced which might call into question the conclusions of the Erasmus Commission, he said, but evidence might also be given which would "not be in the national interest."

\$1bn UN budget

AMID a storm of Western protests over administrative slackness, financial laxity, failure to effect recommended economies, and "out of line" salaries of high officials, a General Assembly committee yesterday approved a supplementary budget which will raise UN funds for the current biennium to more than \$1bn, our UN correspondent writes. Earlier an earthquake rocked the city, causing panic among waiting crowds, but no casualties were reported.

Arabic text at the bottom of the page, likely a continuation of the Ex-security chief article or a separate notice.

VARLEY CALLS FOR EARLY END TO HAULAGE STRIKE

Industry on knife edge, MPs told

BY IVOR OWEN, PARLIAMENTARY STAFF

WHILE THE cut in industrial production and lay-offs arising from the lorry drivers' strike had not yet reached the levels predicted, the situation is on a "knife edge" and could deteriorate extremely quickly. Mr. Eric Varley, Industry Secretary, warned the Commons yesterday. "Firms are coming up against difficult decisions this week and next concerning more short-time working, more lay-offs and even closing their plants down," he said.

He admitted that large and small firms were experiencing serious cash-flow problems. This aspect was being carefully examined by Ministers but it was not yet possible to say whether the Government would be able to help. Mr. Varley reported that last week about half the number of firms in the country were estimated to have produced at about their normal rate. It was impossible to calculate precise figures but output was reckoned to be about 90 per cent of normal, although some firms were down to 70 per cent or 60 per cent of normal or even less. This had been achieved only by putting a substantial part of factories' production into stock. Goods were leaving factories at a lower rate than production and this differential could not be sustained indefinitely. Some plants were already working on an uneconomical and inefficient basis—that is, according to the availability of run-down. At any time the materials for their processes. "We can expect a continuing decline in production as stocks run down. At any time the situation could abruptly get very much worse."

Although the implementation of the voluntary code on picketing agreed with the Transport and General Workers' Union had been "patchy" Mr. Varley claimed that there had been an improvement in the observance of the guidelines throughout the country generally. Problems at particular trouble spots—Mrs. Lynda Chalker (C, Wallasey) spoke of a rapidly worsening crisis in the Merseyside and Manchester areas with pickets virtually ignoring the code—would be taken up with the union. Mr. Varley repudiated suggestions by Labour Left-wingers that the Government was being "used" by employers' organisations and individual firms who had given exaggerated estimates of layoffs and lost production in an attempt to undermine the strike.

More cargo moved at ports

BY LYNTON McAIN

MORE cargo was moved in and out of Britain's ports yesterday, and there were signs that many lorry drivers, particularly on Humber, had reached agreement with local employers on pay. At Immingham, on south Humber, there were no pickets on duty and imported cargoes were moved from the quayside throughout the day. Dock officials said that the improvement might reflect a general desire to return to work. There was a steady flow of lorries into and out of Hull—at one time one of the most heavily picketed ports. There were pickets on duty there yesterday, but many more drivers than earlier this week were given dispensation by the transport workers' union to move cargoes.

Employers warn of closures

BY RHYS DAVID, NORTHERN CORRESPONDENT

INCREASING CONCERN is now being expressed over the long-term effects of the current round of strikes on companies in the North-West, particularly those in hard-pressed industries, such as textiles. One unnamed company was said yesterday to have decided to close down, and officials of the British Textile Employers Association warn that many other companies are having cash flow difficulties and may not survive much longer. Lay-offs in the textile industry have been much fewer than expected, but this is thought to be partly because companies want to avoid making two payments under the Employment Protection Act. By delaying their first lay-off until the first week of February, companies can avoid payment in the present designated quarter, which ends on January 31. A substantial increase in lay-offs is expected in February, when the total for the North West is expected to be 42,000 for the end of next week. Registered lay-offs in the North East stood at 21,000 yesterday, while in Yorkshire the total is about 35,000, including 14,000 sent home by British Steel in Sheffield. Reports throughout the North suggest that picketing remains intense, although the problem appears to be much worse around Manchester and Merseyside than in Yorkshire or the North East. A total of 258 pickets were on duty in Greater Manchester yesterday, but in some country areas in the North West the number is thought to have decreased. Oil depots in Trafford Park are now being picketed to stop deliveries of derv to Road Haulage Association members and to filling stations used by small lorry operators. In the North-East, a continuing shortage of heating oil is being blamed, together with the public services workers' action, for the continued closure of 400 schools. With some supplies now leaving terminals on Teesside, it is hoped that some schools can reopen next week. In the North-West, the public services workers' action halted overnight gritting of many roads, including motorways. With snow falling again, traffic jams brought Manchester to a virtual halt for several hours with queues stretching up to eight miles on approach roads in the morning. Fewer buses were on the roads because of a strike by 400 men who fuel the vehicles overnight and many trains were affected by icing. Manchester airport remains closed and 48 flights were cancelled during the day, with another 10 charter services diverted to Liverpool. Arrangements are being made to store bodies in a factory at Tameside, where no funerals have taken place for more than a week because of a strike by gravediggers. Other public service workers in the area are refusing to handle dirty linen in hospitals, and ambulance drivers in Greater Manchester are continuing to accept emergency calls only. Food supplies throughout the North are satisfactory, although there are problems with sugar, salt, margarine and edible oils. Unless the rate of replenishment at warehouses and depots is increased, however, serious shortages in perhaps 10 days are being predicted.

Back-to-work men confront officials

BY OUR OWN CORRESPONDENT

ANGRY lorry drivers demanding an end to the national strike yesterday stormed into their Transport and General Workers' Union headquarters in Derby and staged a showdown with officials. The men took over a conference room and demanded to see Mr. Eddie Drummond, district organiser, and Mr. Clifford Small, district secretary, with the Press and television present. The officials refused to hold a meeting while the media was there, but when they tried to leave, the drivers formed a "picket line" across the door. When the officials left, the men claimed that they had crossed the "picket line" and so the drivers could do the same. The 60 men then voted unanimously to return to work on Monday. Earlier, Mr. George Lothian, one of the demonstration organisers, claimed that 80 per cent of drivers in the Derby area wanted to go back to work. He said that with the employers' proposal of £110 for a 56-hour week and £110 for a 56-hour week, "International drivers in the area were already averaging £150 a week gross. Drivers are the backbone of the country, and not the black-mailing scum some people are beginning to think. We are here to show these officials we pay to represent us just how we feel. We demand a vote on a return to work. Drivers from Yorkshire and Lancashire who planned to join the protest were delayed because of snow.

Steel plant at Shotton 'threatened'

By Pauline Clark, Labour Staff

BRITISH STEEL Corporation made clear to its biggest union yesterday that serious problems threatened the future of Shotton Steelworks in North Wales. It also dealt a new blow to the local union action committee by effectively rejecting its proposal for a £26m investment to provide three tandem furnaces and cut cost of steel-making there. A letter from BSC to the Iron and Steel Trades Confederation referring to Shotton's problems arrived only a day after Mr. Bill Sims, the general secretary, sent a warning that relations with the Corporation could be seriously damaged over plans to run down the Shotton plant in the West Midlands. The 80,000-strong confederation has co-operated in the majority of closures under the ailing industry's rationalisation programme, involving loss of some 17,000 jobs in the last year.

British Steel will lay off 1,000 more

BY MAURICE SAMUELSON

SIX MORE State-owned steel plants are to lay off a further 1,000 workers this weekend. This would bring to 28,500 the number of employees made idle by the British Steel Corporation since the start of the lorry drivers' strike. In the private steel industry about 4,000 have been laid off, with many more on short time working. Most of the lay-offs have occurred in Sheffield and the Midlands, and production has been cut by about a third. The British Independent Steel Producers Association representing about 100 companies, said that the private steel industry was either being choked by stockpiles or starved of materials such as steel billets from the corporation, sulphuric acid or inert gases. Much of the production was "haphazard" and there would be "an unholy mess" to sort the steel made during the dispute. The problem could be even worse than that created during the three-day week in 1974, the association said. The corporation's latest batch of lay-offs include 450 men at two Scottish tube making factories and 182 workers at the tube division's Bromford works, in Birmingham. At Scunthorpe, 300 craftsmen will be laid off from Sunday. At the Welsh division's Bryngwyn coating works 106 employees will be made idle.

Scottish jobs under threat, says Millan

BY COLLEEN TOOMEY

SCOTLAND faces more lay-offs and lost exports if the lorry drivers' strike continues, said Mr. Bruce Millan, Secretary for Scotland yesterday. Around 34,000 workers are now laid off as a result of the strike and some jobs will not be recovered, Mr. Millan said. The Confederation of British Industry said that the Scottish Office estimates of lay-offs were too low, claiming that at least 50,000 had been laid off throughout Scottish industry. Around 1,500 lay-offs were reported to the CBI yesterday, mainly from the food processing and textiles industries. Secondary picketing has continued, although there was a slight easing in West Scotland yesterday. Some essential goods were moved from Dundee docks, the only sign of activity in the otherwise idle ports. Despite several claims by the Transport and General Workers' Union, there has been little evidence of companies settling with the unions. Unconfirmed reports to the CBI last night said that a meeting of drivers at Dundee wanted to return to work. The whisky industry, employing some 80,000, is running at around 80 per cent production capacity. Both bottlers and suppliers are being picketed. There are shortages of grain, bottles are running in short supply and space is at a premium.

Protest drivers hand petition to union

MORE THAN 90 lorry drivers staged a "let's get back to work" demonstration in Swansea yesterday.

Lorries with placards reading "We want work. Wife and Great Britain to support" moved through the city centre in a mile-long line. They jammed the side streets around the Transport and General Workers' Union local office and police took more than half an hour to clear them. Four of the demonstrating drivers took a petition to Mr. Tony Duckhouse, Swansea district secretary, asking him to call a meeting to test the general feeling for a return to work. They left after 10 minutes saying they had got no satisfaction. Their spokesman, Mr. Ian Dickinson, said: "There are a lot of good firms paying good wages, but all are being penalised by this strike. If the union called a mass meeting in South Wales they'd find the majority now feel this has gone on long enough. This demonstration was arranged within 24 hours. If we had given more notice we could have had hundreds more drivers here." Mr. Duckhouse described the demonstration as "pathetic." He said: "None of the large companies were represented in this effort. They were all small operators or owner-drivers. That proves there is no rush to get back to work." About 40 striking drivers jeered the demonstrators outside the union office.

Paper mills closed

BY MAX WILKINSON, INDUSTRIAL STAFF

SECONDARY PICKETS in the haulage dispute have closed 11 paper mills and caused more than 3,000 workers to be laid off. The British Paper and Board Industry Federation said yesterday that the strike had restricted supplies of chemicals, woodpulp, oil and particularly alum. Nearly every paper manufacturer is affected in some way. Most medical papers have been allowed through picket lines, but the federation says that materials for food packaging are seldom being given priority under the agreed code of practice between the Government and the transport workers' union. The federation said: "Two mills, one in the North and one in the South, manufacturing a high percentage of food packaging papers, have been forced to close because of secondary picketing, laying off 1,350 employees." Paper and board stocks needed for carton and case making are dwindling fast through lack of supplies from mills and docks. "Exporters of paper and board express a particular despair. Competitors from many parts of the world must now be cheerfully taking over great chunks of traditional UK business."

Blue Circle names panel

BLUE CIRCLE Industries has named the judging panel for its Industrial Journalists of the Year awards, presented in association with the British Institute of Management.

They are Sir Peter Masfield (chairman), Sir Terence Beckett, Mr. David Bassett, Mr. Peter Walker, MP, Mr. John Milne, Mr. Roy Close and Mr. Philip Sadler.

West Midlands pickets 'now under control'

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

THE TRANSPORT and General Workers' union is now very much in control of lorry drivers' picketing in the West Midlands, the Government's emergency committee said yesterday. The region has suffered in the last three weeks from sporadic secondary picketing in defiance of the union leadership. Lay-offs for the Midlands as a whole, at about 35,000, have not changed much over the past week. Some companies have been making workers idle while others, such as Frelitt at Burton-on-Trent, have recalled employees. The effects of the strike are expected to be greater over the next week. The West Midlands region of the Confederation of British Industry reported that a random sample of 47 companies showed that nearly 50m of export orders were frozen by the dispute. CCI factories in the West Midlands have £30m exports tied up already, and the total is growing at the rate of £2.5m a day. The emergency committee of the East Midlands expressed concern yesterday about the long-term consequences for the industry of the stockpile of goods at the docks. The committee said that hospitals throughout the region were reporting food shortages, but that the position was not yet serious. Shortages of sugar and salt in the Midlands have eased. Meat, fruit and vegetables are generally in good supply.

Austin Morris men ignore advice

BY OUR OXFORD CORRESPONDENT

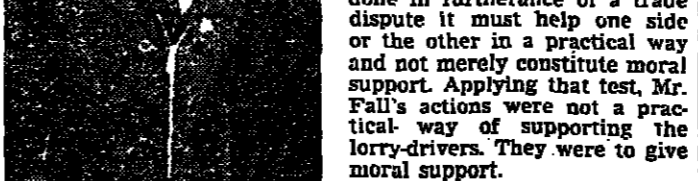
AUSTIN MORRIS lorry drivers at Cowley yesterday set off for Wales to bring back supplies of car heaters and radiators. They left in defiance of advice from Oxford officials of the Transport and General Workers' Union. Mr. Bobby Fryer, the union's senior shop steward, said yesterday that Cowley's transport department had been given clearance by the union in Wales to make the trip. He expected that Cowley would be able to resume production when the car parts made at BL's Welsh components factory arrived. Mr. David Buckle, the union's district secretary, said that the Cowley members were strike breakers. "They have been told they should not do the work of drivers who were on strike."

United Biscuits wins order to stop secondary pickets at factories

BY ALAN PIKE, LABOUR CORRESPONDENT

A LORRY entering the premises of Loders and Nucleine, a United Biscuits supplier, at Purfleet, Essex, on January 22 was confronted by a line of pickets carrying sledgehammers, even though regional union officials had said they would allow it through. Mr. Justice Ackner said in the High Court yesterday. The judge, reading from a United Biscuits affidavit during his judgment, said that company vehicles with company drivers had been turned away from Loders and Nucleine's premises at least 21 times since January 2. In the January 22 incident the driver was referred to Mr. Reg Fall, against whom the company sought an injunction, who said that only one lorry a day, instead of the usual three, would be allowed across the picket line. According to the company's affidavit the pickets invariably carried sledgehammers, which intimidated drivers. Men who normally worked alone insisted upon being accompanied. They were told they would be run off the road if they crossed the line. They feared for themselves and their vehicles, and were told that they would be reported to the union, which made them fear for their jobs. The company said that it was forced to buy oil from the Continent, and that combined losses at its Harlesden and Osterley factories in London were £127,000 a day. Although picketing had stopped on Wednesday, United Biscuits feared it would be resumed and its factories closed within a week unless picketing of suppliers was stopped. There would be many lay-offs, with the prospect of some jobs being lost altogether. Mr. Justice Ackner granted United Biscuits an injunction against Mr. Fall, who was said to direct picketing at Loders and Nucleine's Purfleet works. This restrains him "from doing or procuring any act which causes or procures a breach or breaches by the plaintiffs' employees of their contracts of employment with the plaintiff, or which induces them to break their contracts of employment, or which interferes with the ability of the employees to carry out their contracts of employment, or which constitutes intimidation as against the plaintiffs, its servants or agents."

The order against Mr. Fall, 46, of South Oxendon, Essex, is effective pending full trial of the action, or a further court order. Mr. Fall, who was not in court or represented, can apply to have the order cancelled or changed on giving 24 hours' notice to United Biscuits.



MR. REG FALL... not in court

Northern Ireland bank staffs plan pay action

BANK staffs in Northern Ireland have threatened industrial action if a claim for pay parity with their counterparts in the Irish Republic is not agreed.

The staff, who are members of the Irish Bank Officials Association, have given the province's four banks—the Northern and Allied Irish Banks—14 days' notice of industrial action. A spokesman for the association said the planned action could include a strike. The officials are seeking increases of between 2500 and 11,000 a year to bring salaries into line with those paid by the banks in the Republic. Three of the four unions representing public service members workers are seeking permission from their national executives for a five-day strike in Northern Ireland from February 5 in support of their demand for a £60 a week basic minimum wage, though it is not certain that the plan will be sanctioned by the unions. Members of the Confederation of Health Service employees continued their campaign of selective action yesterday with walk-outs at two Belfast hospitals. A mass meeting of the 5,000 lorry drivers in Northern Ireland will be held in Belfast today to vote on the £52.50 offer from the Road Transport Association.

Haulier on firearm charge

THE OWNER of a haulage firm appeared in court at Hereford yesterday after an incident in which it was alleged, a shotgun was fired at a picket line.

The incident happened outside a depot of Oakley's Transport saloon assembly workers have been laid off until Tuesday, although some Rovers are still being produced. The stoppage was due to the spare parts strike, which has affected production of all vehicles. There has been no production of Triumph Dolomites for two weeks, and 400 Dolomite workers are still laid off. The effect of the drivers' strike on the main parts suppliers has so far been less dramatic. Only a few of GKN's 1,000 lay-offs are in its motor industries, and it is delivering 70-75 per cent of its output. However, GKN fears it could be hit badly next week because of lack of raw materials, especially steel. It is also worried about its large export orders, especially to the U.S., held up at the docks. Ferodo, which makes brake pads, said that it may have to begin lay-offs at its Chapel en le Frith works in the middle of next week, because supplies of asbestos fibre are held up at Salford docks. Distribution of spare parts to dealers is the main problem for Ford Motor Company, whose only vehicle production lay-offs are 400 workers at its tractor factory. Ford's huge spares depot at Daventry normally clears 48,000 orders a day, but the backlog is swelling daily, as loads are checked by the local TGWU convener. The warehouse is also still coping with some of the 14m orders for spares received during Ford's nine-week strike. At Solihull, 1,300 Rover later pickets were on duty. Later, Trevor Scott Oakley, aged 40, was charged under the Firearms Act. He was remanded on bail for a week after agreeing to surrender a firearm to the police.

There's more to this technically advanced, luxury Datsun than just electric windows and fuel injection.



A great deal more.

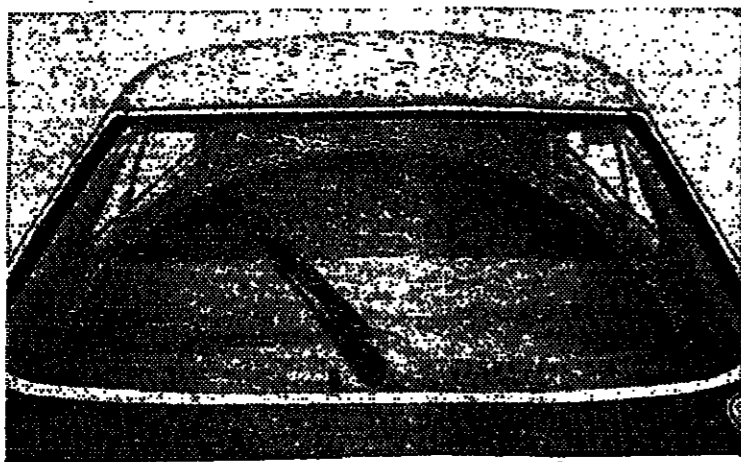
The new Datsun Skyline 240K Coupé is a high performance thoroughbred of superb engineering and quality.

It is undoubtedly a car to match the exacting requirements of the enthusiast driver and the motorist for whom creature comforts are a priority.

To get you going it has a 2.4 litre engine with electronic ignition, and Bosch electronic fuel injection—so it's strong on performance with 127 bhp at your command.

It also has progressive power steering by ZF to automatically adjust the assistance you need, more in town, less on the open road.

For superior road holding, the Skyline has the sophistication of independent suspension on all four wheels, and for safe stopping, there's a duplicated anti-skid system with power



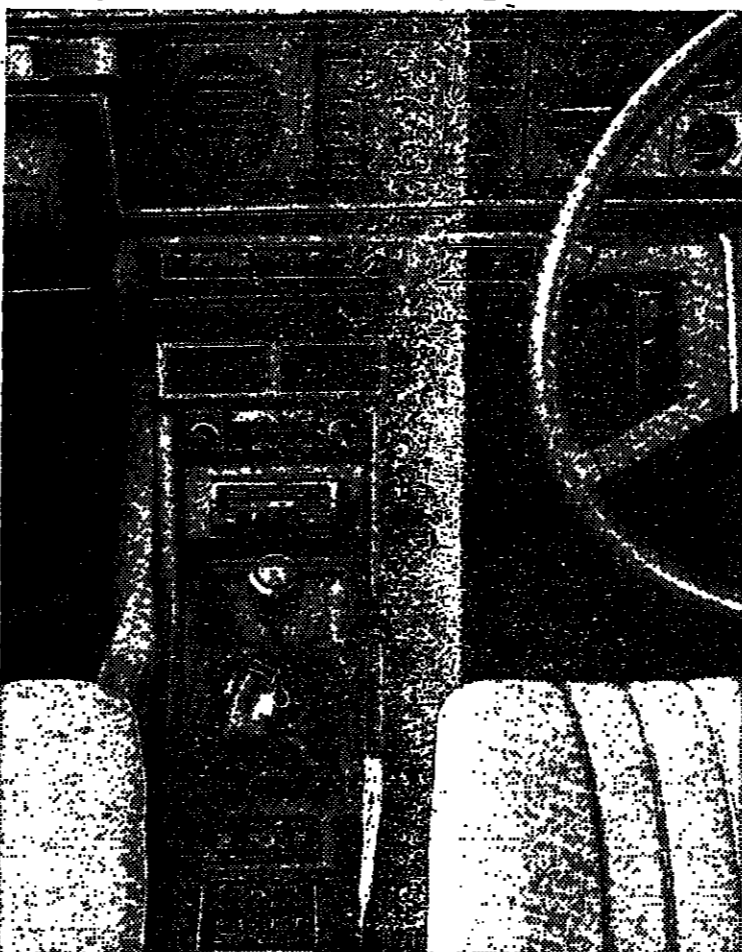
assisted disc brakes all round. On special alloy wheels, of course.

For the transmission you have a choice—a close-ratio 5-speed gear box or, at extra cost, Nissan's silky smooth automatic.

On the dashboard you'll find a comprehensive array of instruments from rev counter to power boost meter, and check lights for nine

functions from door ajar to stop lamp monitor.

All in all, the Skyline Coupé has just about everything the enthusiast could ask for in a high performance car. And then it has a host of luxury touches—electrically operated windows



that wind down completely to give you a pillarless coupé; thickly upholstered cloth seats with adjustable lumbar support for the driver; an extremely accurate quartz digital clock; two waveband push-button radio and auto-reverse stereo cassette; and power jet headlamp washers, wash/wipe system for the rear window (heated, of course), interior release for the boot with anti-theft override, locking illuminated glovebox, vanity mirror with safety cover, tinted glass with laminated windscreen, and much, much more.

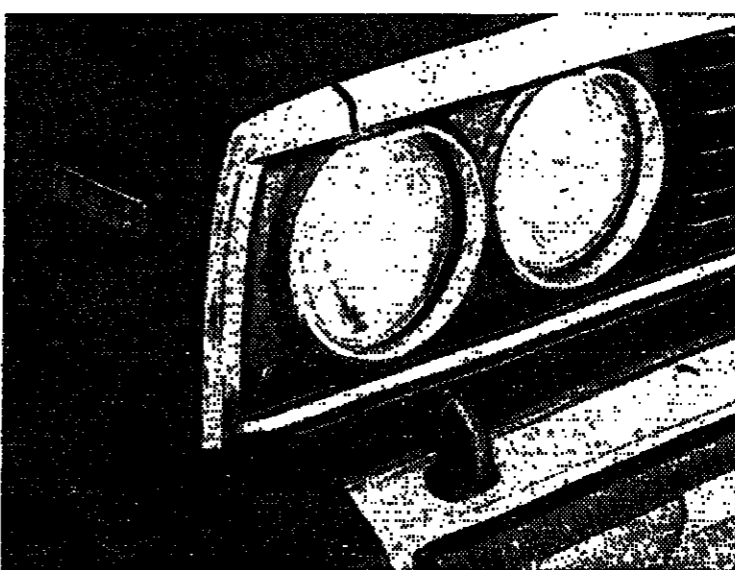
On some other performance coupés, many of these items of equipment will cost you extra.

A lot extra.

For example, Mercedes Benz will ask you to pay an extra £1,008 for electric windows, tinted glass, alloy wheels and headlamp wash/wipe—but that still doesn't give you a radio, stereo cassette, rear window wash/wipe and quite a lot more.

On the BMW 323i, headlamp cleaner, power steering, alloy wheels and tinted glass will cost you a further £907—and you're still short of electric windows, rear window wash/wipe, radio, stereo cassette and so on.

With the new Skyline, you also have the individual "plus" of Datsun's top reputation for quality and reliability, confirmed by the recent independent report that Datsun have fewer warranty claims than any other car.



The new Datsun Skyline 240K Coupé is at your dealer's showroom now, priced at just £6,000, including special car tax, V.A.T., inertia reel seat belts and door mirror.

And that's remarkable value for the most technically advanced, high performance luxury coupé that Datsun can offer!

Bending before the storm

The technical strength that had helped the equity market withstand a fortnight of uncomfortable labour news proved unable to deflect the onslaught of a third week. Although end-of-account closing brought the FT index a little higher yesterday it has decisively breached the 470 level which had been the lower limit of a three-month trading range.

The lead downwards came from gilt-edged, which had already shown pronounced weakness before last week and again suffered an upward adjustment in yields as the market began to convince itself that interest rates would have to rise substantially to offset the monetary impact of high pay settlements and allow the authorities to complete their funding programme.

On Wednesday the money markets were extremely nervous, as once it had been decided that Minimum Lending Rate might be raised traders began to talk in terms of a 2½-point increase, and long gilt yields pushed up to 14.2 per cent. When MLR did not after all go up on Thursday, there was a small technical recovery,

LONDON ONLOOKER

extended after the Chancellor re-affirmed the Government's determination to hold firm on monetary policy: his threat to

raise taxes if necessary was encouraging to a market that had come to suspect that interest rates were the only weapon.

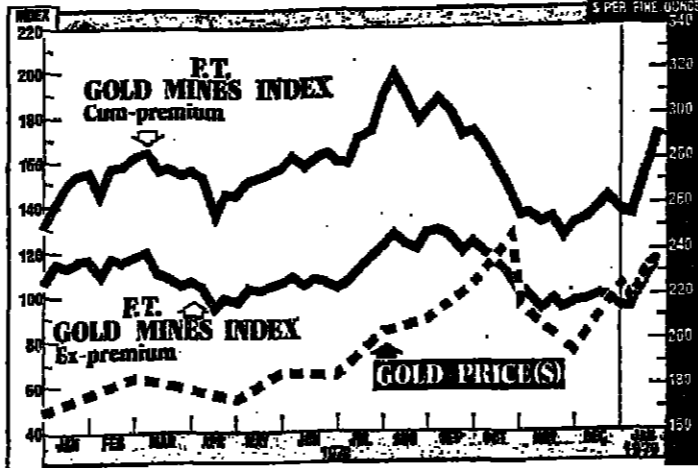
Squaring the Cube
For equities, the depressing showing of gilts and the increasing impact of the haulage dispute on companies were compounded by a series of poor profit figures from individual companies.

No one was expecting Tate and Lyle's profits to be a happy sight, but it was generally felt that the group would not risk the City's wrath by cutting its dividend. On this principle, the shares were thought to be good value around 180p and indeed, propped up by a yield presumed to be around 11 per cent they cheerfully outperformed

the rest of the market as it declined from the high points of last September.

So the 20 per cent cut in total dividend sent the shares of this index constituent sprawling. Wednesday's 29p fall took 2.6 points of the FT 50-Share Index directly and perhaps a little more indirectly, as investors are going to be very suspicious of the immediate dividend prospects of some other high-yielding stocks.

Given that profits from sugar refining and shipping have almost entirely disappeared, Tate and Lyle's pre-tax figure of £24.6m for the year to September 1978, although 44 per cent below the previous year's figure, was not as bad as some analysts had feared. But an unsustainably large slice of the remaining trading profits came from the sugar dealing activities, and the loss of profits (£3.5m at the trading level) from the South African subsidiary which has been sold means that T. & L. will have to run very fast to stand still in the current year. The new level of dividend has been fixed to give the company a chance of raising the dividend



Rights from Rank

The Rank Organisation's announcement of a £63m rights issue this week is disappointing on two counts. The first is that although Rank's new management has made a fair amount of progress, it is still a long way short of earning an adequate return on capital employed amounting to well over £400m including the Rank Xerox business.

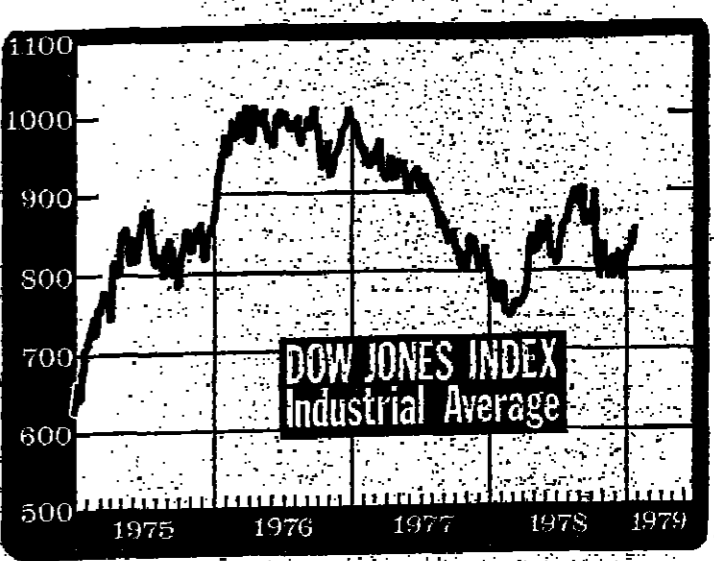
The second is that the main core of the group still lies in

its investment in Rank Xerox, which by itself is probably worth as much as the whole of Rank's stock market value at the moment. The new issue dilutes the shareholders' stake in this holding, and raises the question of whether it is really in their best interest for the management to want to spread its wings in this way. Do you buy Rank because you want a link with Xerox, or because you think that caravan sites are a nice idea?

But although the City may have grumbled a little, no one seems particularly upset. For one thing the issue allows Rank to forecast a dividend increase of one-fifth, leaving the shares on an above average prospective yield of about 6½ per cent. For another, the profits outlook is healthy. Non-Xerox earnings could pick up sharply this year, and the likelihood of further progress in the copier business has led some analysts to forecast a profits increase of over a quarter this year. On that basis the p/e would be under 7. So unless the equity market as a whole turns really nasty in the next week or two, the issue should go through smoothly enough.

The trend arrives late

THIS IS THE WEEK of the year when the Stock Market sways in the breeze of hot air blowing from the southerly direction of Washington. Flooting on this breeze are Budget proposals, State of the Union Messages and the economic views of the great and the good, as outlined to Congressional Committees. President Carter's projected \$29bn deficit for the "lean and austere" budget of fiscal year 1980 was no surprise to the market, but was none the less welcome for all that. If the market has not yet learned to love Mr. Carter it seems more ready to award him more marks for effort and with his economic policies in the limelight, the Dow, unlike this time last year, remains on rising curve.



Suspicion

There is some suspicion that we are witnessing a belated year-end rally which the market somewhat absent-mindedly forgot to write into its calendar for December. This at least is the view of some Wall Street historians who have informed us that since the end of the last war the average year-end rally has added 9 per cent to the Dow Jones Industrial Average and that therefore the current year-end rally must achieve at least 256 to conform with the pattern. It must be said that conditions for a short-term rally have rarely been better in the past couple of years. Fourth quarter earnings reports are good to excellent, dividends are on the increase, short-term interest rates are falling and the dollar, backed by central bank support, is still on its feet. In addition, some major companies are setting their caps at private investors by announcing plans to split their stocks. First IBM (four-for-one) then Dupont (three-for-one) and today Mobil (two-for-one). Some investors have been buying Telysine this week (125) and the highest priced stock of all, Superior Oil (\$25) in the hope that these two high kickers might succumb to the amoebic trend.

Yet this is not the time for conviction that the market stands on feet of cement rather

than clay. We have, after all heard the Federal Reserve Board Chairman, Mr. G. William Miller, uttering again this week on the subject of interest rates. One of Mr. Miller's predecessors, Mr. William McChesney Martin, once observed that his role was like that of the host who removes the punch bowl when the party gets too rowdy. At times Mr. Miller appears to favour lacing the punch in order to give the party a bit of life. On a couple of occasions last year, the Fed Chairman pumped

market was glowing with the title of Mr. Miller's optimism. Bonds and to some extent stocks, have been benefiting from weeks of little or no growth in the money supply statistics which no one can understand and which appears at odds with real economic growth of 6.1 per cent in the last quarter of 1978. With private economists still forecasting higher interest rates and a recession later this year or early next year, any current market strength may lack lasting vitality. The President and Mr. Miller both believe a recession can be avoided while at the same time achieving modest growth and lower inflation.

NEW YORK

John Wyles

some adrenalin into the markets with an option that short-term interests were at or close to their peak when they still had some way to climb to reach present levels. This week he restricted his comments to long-term rates which he thought might soon start to fall. He was speaking just a few days after a high quality Bell Telephone bond fell flat on its face at issue because investors did not think the 9.44 per cent yield was good enough.

This bond was traded yesterday at above its issue price, but it did so partly because the bond

Help needed

This would be excellent for Mr. Carter, who is going to need every bit of help to get back into the White House next year, but probably not so good for the Stock Market. This economic recovery has long since passed the 36-month average life of other post-war recoveries and until it succumbs to the historic trend too many investors may think the future too unpredictable to make a firm commitment.

CLOSING INDICES

Monday	838.23	+1.04
Tuesday	846.85	+8.62
Wednesday	845.41	-1.44
Thursday	854.64	+8.23
Friday	859.75	+5.11

MARKET HIGHLIGHTS OF THE WEEK

	Price Y'day	Change on Week	1978/9 High	1978/9 Low	
Ind. Ord. Index	465.0	-13.9	535.5	433.4	Grim industrial situation
Govt. Secs. Index	66.56	-0.81	78.58	66.47	Inflation/interest rate fears
Gold Mines Index	167.6	+13.3	206.6	124.1	Easing in S.A. exchange controls
Assoc. Engineering	97	-14	129	97	Chairman's profit warning
Bullough	180	+12	180	100	Annual results above expectations
Carpets Intl.	52	-5	70	39	Brokers' adverse circulars
Chamberlain Group	62	+18	62	43	Bid from Brown and Sharpe
Davy Corp.	134	-19	153	105	Disappointing int. statement
De Beers Defd.	432	+22	468	285	Easing in S.A. exchange controls
ICI	353	-9	421	328	Market trend
Lucas Inds.	282	-17	336	240	Lack of institutional demand
M.J.M. Hldgs.	255	+14	256	125	Higher half-year profits and div.
R.H.M.	48	-5	62	45	Chairman's gloomy statement
Frank Org.	244	-32	294	226	Proposed £62m rights issue
Robertson Foods	135	-11	163	120	Speculative demand fades
Rustenburg	138	+26	138	70	Increase in producer price
Southern Malayan	368	+43	370	230	Far-Eastern demand
Status Discount	238	+28	238	121	Record profits and scrip issue
Tate and Lyle	150	-38	218	144	Surprise dividend cut
Vogels	80	+10	80	40	Increased profits and div.

U.K. INDICES

Average week to	Jan. 26	Jan. 19	Jan. 12
FINANCIAL TIMES			
Govt. Secs.	66.70	67.66	68.25
Fixed Interest	68.92	69.99	70.36
Indust. Ord.	465.7	478.3	479.5
Gold Mines	166.8	146.7	138.1
Do (Ex \$ pm)	113.6	100.6	96.7
Dealings mtd.	3,920	4,302	4,383
FT ACTUARIES			
Capital Gcs.	229.60	234.95	235.67
Consumer (Durable)	205.12	210.83	211.02
Cons. (Non-Durable)	206.75	210.65	210.63
Ind. Group	215.91	220.49	220.73
500-Share	239.61	244.25	244.72
Financial Gp.	168.07	172.95	173.30
All-Share	221.20	225.47	225.18
Red. Debs.	54.27	54.64	54.77

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Invest in Government Stocks and Equities FREE OF TAX

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An offer they can't refuse?

SOUTH AFRICA has dangled the carrot in front of overseas investors this week with the prospect of changes in her monetary system, but the question is, who are the ones to gain? The main changes are that the country's rand, which I shall refer to as the commercial rand, is no longer tied to the U.S. dollar at the old fixed rate of one rand to \$1.15.

It will now be allowed to float within limits decided by the Reserve Bank. But there will be an "investment" rand, the financial rand, which will replace what has been known as the securities rand and which will also float. The "cheap" securities rand was standing at about 64 cents to the dollar and was only available for use by non-South African residents to buy shares in South African companies.

From now on, the securities rand, or financial rand as it has become, will be available for all foreign investment in South Africa. The importance of this is that companies wishing to invest in a South African enterprise can use this cheap exchange rate while dividends earned on the investment will be paid to them in the more valuable commercial rand.

Previously they could only invest with commercial rand and if the investment was sold they could only bring out the proceeds in securities rand, thus suffering a loss of around 40 per cent. Whether this will lead to increased investment in South Africa by the leading UK mining finance houses is a moot point in view of the political embarrassment at home, as those who have attended noisy annual meetings will know.

It is possible that such political considerations may be less in the cases of other European countries who may regard an investment in a new South African mining venture as a

means of securing vital mineral supplies; there is a good deal of concern about the future of EEC mineral supplies which are largely dependent on the developing countries where new mining investment is virtually at a standstill.

But what's in it for the UK investor in mining shares? Possibly without him realising it, his shares were bought with the cheap securities rands and despite the inclusion of the

MINING

KENNETH MARSTON

investment dollar premium the total cost was still less than that to a South African resident. He also had the advantage of dividends being paid to him in the higher priced commercial rands; they will continue to be paid in this currency.

As an example, let us take the prices of De Beers and Western Holdings on Tuesday before the latest South African moves were announced. The respective London cum-premium prices were 428p and 181p, whereas the equivalents in Johannesburg were 520p and 222p. Continental prices of these stocks were lower than those in London because no dollar premium exists in those countries and so, of course, dividend yields are more attractive.

It now seems likely that if non-South African companies take advantage of the financial rand to spend in South Africa the resultant demand for financial rands will raise their value. This, in turn, would increase share prices outside South Africa in much the same way as

NBH has good first-half

THE improvement in metal prices that developed in the final quarter of last year has made a marked impact on half-year earnings of Australia's lead-zinc-silver producer, North Broken Hill. Furthermore, the company expects a further appreciable increase in the current half of the year to June 30 if present metal prices are maintained.

The estimated consolidated net profit for the past half-year has risen to A\$8.19m (£4.68m) from A\$4.62m a year ago. The latest figure includes investment income of A\$5.25m against A\$2.53m.

The current year's interim dividend will be declared in March. For the previous year there was an interim of 3 cents followed by a final of 5 cents. The company is a major holder of BEI South and possibilities of a merger were being discussed by the companies last year. North Broken Hill shares were 124p yesterday.

Put briefly

● Australia's Queensland Mines may have to make a rights issue pending the raising of major finance for the Nabarlek uranium mine which cannot be done until the Australian Government gives a go-ahead for the venture. Meanwhile, the Government is considering reducing the power of Northern Territory Aboriginals to block mining and oil development on Aboriginal land, as appears to be the case with the Fancourtland find.

● As anticipated in these columns, South Africa's Rustenburg Platinum Holdings is raising the selling price of its platinum by 25 to 325 per

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WE, THE LIMBLESS, LOOK TO YOU FOR HELP

We come from both world wars. We come from Kenya, Malaya, Aden, Cyprus... and from Ulster. From keeping the peace no less than from war we limbless look to you for help.

And you can help, by helping our Association, BLESSMA (the British Limbless Ex-Service Men's Association) looks after the limbless from all the Services. It helps, with advice and encouragement, to overcome the shock of losing arms, or legs or an eye. It sees that red-tape does not stand in the way of the right entitlement to pension. And, for severely handicapped and the elderly, it provides Residential Homes where they can live in peace and dignity.

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British Limbless Ex-Service Men's Association
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TIN OUTPUTS COMPARED

	Dec. 1978	Nov. 1978	Total (months)	Same period previous year
Anal. of Nigeria (tin)	218	132	1,381	(9) 1,514
Anal. of Nigeria (columbite)	23	18	235	(9) 166
Aokam	120	144	720	(6) 827
Ayer Hitam	335	193	1,182	(8) 2,356
Berjantani	287	279	2,797	(9) 3,356
Bislich Jantar (tin)	4	20	119	(11) 362
Bislich Jantar (columbite)	4	21	301	(11) 362
CRM Sri Trimah	92	118	1,377	(12) 1,257
Ex Lands Nigeria	4	26	211	(8) 208
Gevoort	52	86	853	(9) 787
Gold and Base (tin)	4	26	275	(11) 300
Gold and Base (columbite)	4	1	4	(11) 7
Gopeng	163	163	492	(5) 420
Idris	192	192	314	(2) 301
Kamunting	4	40	319	(8) 370
Kant (FMS)	4	4	102	(11) 434
Killinghall	20	41	97	(3) 128
Kinta Kelias	60	34	336	(9) 379
Kuala Kampar	13	18	183	(9) 266
Lower Perak	24	27	212	(8) 211
Malayan	230	241	1,578	(6) 1,247
Palang	127	137	638	(5) 772
Pengkalen	7	7	23	(2) 22
Petalang	121	121	243	(2) 177
Rahman	65	69	428	(6) 390
St. Piran - East	19	16	217	(9) 157
St. Piran - UK (South Crofty)	136	195	1,616	(9) 1,633
St. Piran - Thailand	86	85	892	(9) 813
Southern Kinta	156	150	1,281	(9) 1,258
Southern Malayan	247	216	1,239	(6) 1,046
Sungei Besi	218	230	1,895	(9) 1,444
Tanjong	18	14	190	(12) 221
Tongkah Harbour	43	28	128	(8) 258
Tronoh	181	205	2,408	(12) 2,248

Figures in large material. (Not yet available. Outputs are shown in metric tonnes of tin concentrates.)

FINANCE AND THE FAMILY

Giving away a house

BY OUR LEGAL STAFF

Referring to your reply under giving away a house (October 25 1978) I recently asked my solicitor if I could transfer each portion of my house...

take it that you are referring to an election for separate taxation of your wife's earnings (under section 23 of the Finance Act 1971) and not, or not only, to an election for separate assessment to income tax (under section 38 of the Income and Corporation Taxes Act 1970).

That being so, the answers to your questions are (a) yes and (b) yes, because of paragraph 9 of schedule 4 to the Finance Act 1978.

On the other hand, if you are referring solely to a section 38 election for separate assessment to income tax, the answer to your first question is no.

Interest from a solicitor

I recently sold my house in Scotland. Nine weeks have elapsed since my solicitor in Scotland received the capital sum on my behalf, money has to be exchanged before the keys are handed to the purchaser...

You are correct that the solicitor should have credited you with interest on the free proceeds of sale retained by him on your behalf, from the date of settlement of the transaction to the date of payment.

Taxation of spouses

My wife and I are taxed separately. We propose to take out a Joint Life Endowment Insurance Policy, with monthly premiums. Am I right in thinking that (a) under the current rules until April 1979...

Tax for a widow

My husband died last June leaving all his property to me and I have completed a tax return for April 6 to the date of his death. I have an income of my own from a pension and from the shares inherited from my husband.

the bond's surrender value just before he died (not the sum assured which you actually received), so there may be little or no tax to pay—especially if the bond was only a few years old.

If you had any income of your own during your husband's lifetime, eg a social security pension, this should have been included in the return of his income for the period from April 6 to June 30.

As there was no CIT liability, and everything has passed to you, it should be possible to eat

been unjustifiable and certainly is much longer than is normal practice in settling a straightforward transaction.

If the solicitor concerned is not prepared to remedy matters we suggest you write to the Law Society of Scotland, 27 Drumhugh Gardens, Edinburgh, who will take up the matter on your behalf.

U.S. withholding tax

I have recently returned to the UK for a while but am deemed by the Revenue to be domiciled in Rhodesia, though resident here. I have a portfolio of U.S. shares, held by a Swiss bank.

As your U.S. dividends are assessable to UK tax on the remittance basis (because of your Rhodesian domicile) and no such remittances have been made, you are indeed still liable for the full rate of 30 per cent U.S. withholding tax.

In a local reference library, you

should find copies of these two conventions (as amended) in, for example, volume F of Simon's Taxes.

Club a non-resident

Can an Isle of Man club be treated as a non-resident person of the UK so far as exemption from tax on certain British Government Stocks is concerned?

Assuming that none of the club's members is ordinarily resident in the UK (for UK tax purposes) and assuming that the club has a well drawn constitution, there should be no problem in practice.

Role of a trustee

I am trustee of a charity though beyond that my functions have not been defined. At no time am I consulted by the Council as to any further disposal of properties of the society, and I am disturbed as to whether I may not be held liable for what has been done.

If you are not a member of the Council you have no executive function, but are simply acting as custodian of the Club property. You may invite the Charity Commission to assist in defining your role.

Tax relief and a pension

As clerk of a district council, I had to take early retirement on the 1974 local government re-organisation, but later obtained another post in local government.

If, by chance, there have been substantial capital gains during the administration period and you expect to realise more before the end of the tax year—bringing the total to more than a thousand pounds—it may not pay to take the short cut we suggested above.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Costing contents cover

HOW MANY of you read the letter from Mr. Harrington of Woodstock, on household contents cover, printed last Tuesday? Commenting on "just how expensive this sort of insurance is becoming" he asked: "is it not time insurers offered such policies with an excess of say £50 or £100 along the lines of motor insurance policies?"

When we talk about goods or services becoming more expensive, we are usually speaking of expense in inflationary, not in real terms. And this, till very recently, has been true of the increasing expense of household cover: rates have stayed unchanged for decades for the average risk—25p per cent for contents and 12 1/2 p per cent for buildings, or less if one has bought cover at Lloyd's or from some of the non-tariff companies.

Not until now. A number of major companies, particularly Sun Alliance of London and Commercial Union have announced rating charges which reflect the changing incidence of claims and their cost, and have raised the price of household contents cover in real terms.

This re-rating process will continue this year, right through the household insurance market, later this year, and if not too early next year, buildings rates are likely to be increased.

Illegitimate child's tax

I am an unmarried mother. The father of my child is a married man. The fact of our relationship and his paternity is a secret and we intend it to remain so.

Unfortunately the answer is yes (because of sections 437 and 444 of the Income and Corporation Taxes Act 1970).

If your own income is not large enough to attract tax at the basic rate, perhaps a deed of covenant in your favour would be at least a partial solution (but there must be no stipulation that the covenanted payments be applied for the benefit of your child).

reflect inflation — they should not become more expensive in real terms provided insurers are now getting their rates right and the pattern of claims payouts does not worsen again.

However, having disagreed with Mr. Harrington on his fundamental premise, may I say how pertinent I think his question is — or perhaps, if not yet, but may soon become.

Now, I would like to ask another question — how many of you reading this paper this morning would straightaway write a note to your insurers, or make a note to ring them on Monday, asking for an excess to be applied to your rate reduction, assuming such facility to be available?

Not very many, I think; and I guess that many of you would temporise and say it all depends on the size of the rate reduction.

INSURANCE

JOHN PHILIP

THE trouble with any class of insurance is that seldom do policyholders get as large a rate reduction as they expect in exchange for their own risk involvement.

It is but to state the obvious to say that if the average household claim is less than £200, and we were all to have to bear a £200 excess, we would still have each of us to pay premium for those claims costing over £200: incorporated in that premium would be a change for insurers' handling costs and for commission, if any, both of which become disproportionate to the total amount of premium when that is substantially reduced for an excess.

I have not any accurate claims figures on which to try to assess the saving in cost of £100 "across the board" excess to the household insurance market—but without any statistical

Holidays with strings

THE AGONIES of choice this year holiday insurance are worse than usual. Two developments have made things awkward for the traveller. More and more tour companies are offering their own insurance, some of it included in the tour price or given as an almost compulsory extra, and, at the same time, there is fierce competition between insurance companies over offers.

In Europe there are varying types of reciprocal cover for medical services, but they are not always easy to claim and often involve a sizeable amount of paper work. Your local office of Health and Social Security will be able to help with details, but ask them some weeks before you plan to depart.

Relatively the costs of such cover are low—the comfort that can result is considerable.

ARTHUR SANDLES

Assets on a divorce

Is it correct that the matrimonial assets on a divorce are usually divided between partners equally? If not what decides exceptions to an equal division? What would be the significant date for a valuation of the assets? What if one of the parties is using the matrimonial home and is content to remain there?

There is no system of dividing assets equally or otherwise, although some assets such as a house in joint names, will be presumed to be in equal beneficial ownership in the absence

of agreement or evidence to the contrary. Assets of any significant value may be taken into account in the financial provisions and a spouse taking or foregoing the whole of such an asset will have to credit or debit the value of that asset in the overall assessment of capital assets. The court will normally look at value as at the date of the court's order, and at the mortgage redemption figure as at that date.

Those who are not resident in the UK are fairly obviously not taxable in the UK on income they derive from elsewhere in the world. But it does not stop there...

Realising a dream

WHEN GLOOM and doom overhang us as heavily as at present, it is certainly permissible to dream of getting right away — not to escape simulation but to endure it in a warmer climate, and in greater comfort, as a non-resident. The prospect lives of most of us, the dream will remain just that — prospective and unachieved.

But why not enjoy the sun in retirement? — where the world's problems will be no less great, but may be less intrusive? Some tropic shore, where that larger, warmer, sun slips nightly into the azure ocean, leaving you with nothing to do but fret about your income-tax.

Perhaps it would be wise to inquire about taxation grounds-rules before you go. They are inevitably complex, but are also surprisingly different—depending upon your destination.

You can reasonably expect that the Inland Revenue will accept that you will become non-resident for income-tax purposes. This status is only likely to be granted, however, after you have been out of this country for the necessary period. Unlike the employee leaving for a foreign tour of duty, you will not attain the Revenue's agreement as the under-marriage locks back into the wings.

You will therefore continue to be taxed as before until at least the end of the next fiscal year after that of your departure. During this period, you should not revisit the UK, whether for a holiday or for any other purpose.

Thereafter you may come back from time to time but would be advised to keep these visits to a minimum. Six months spent here in a fiscal year will make you resident again automatically, but the more dangerous rule is the "average". Three months per year, averaging out your visits over a four year period, will also put you back into the taxman's loving care. And any visit, however short, will be disastrous if you have retained accommodation available for your use, whether you use it or not.

to the shedding of residence for income tax and capital gains tax. Shaking off your domicile is a much more demanding process: domicile can be over-simply described as the country to which you regard yourself as belonging, and to which you intend eventually to return even if you should be away from it for considerable periods of your life.

However, if we revert to income tax and non-residence, the position can be resolved more expeditiously, and with retrospective effect. Some time after the end of the first complete fiscal year of absence, you

TAXATION

DAVID WAINMAN

should be able to persuade the Revenue that you were non-resident throughout that year. It will then adjust your tax liability for that year onto the basis appropriate for your new home.

The most significant determinant of this basis is likely to be the taxability of your pension. If it comes from a fund established under UK law, it is regarded as UK source income, and can still be subject to tax here even though you have become non-resident.

But although it can be taxable here, it will not always be so. The first enquiry you need to make is whether there is a double tax convention between the UK and your chosen island in the sun, and if so what it says.

Jamaica, for example, has such a convention and Article 14 (2) says that "any pension derived from sources within the UK by an individual who is a resident of Jamaica, and subject to Jamaican tax in respect thereof shall be exempt from UK tax." Relief by exemption is less commonly met than the credit available for one coun-

try's taxes against another's. Its effect can be described as turning what would otherwise have been UK source income into Jamaican income. People who are not resident in the UK are fairly obviously not taxable in the UK on income they derive from elsewhere in the world.

But it does not stop there. UK citizens who are non-resident but have UK income can claim, what is loosely described as a proportionate part of the personal allowances to which they would have been entitled as residents. The allowances so claimed will reduce UK liability on their taxable income.

If you retire to Jamaica with a pension of £7,500, and with investment income from UK companies of £1,000 and from overseas companies of £500, then the proportionate allowances claim operates by preventing the final tax liability being reduced below the relevant proportion of what it would have been if worldwide income had all been taxable in the UK. That relevant proportion is simply the ratio of UK income, in this case, £1,000, to worldwide income.

The liability on an income of £9,000, reduced by the married man's allowance (age relief being unavailable), and allowing for the first £750 being liable at only 25 per cent, would be £2,403, and one-ninth of this is £267. This is the extent of your taxpayer's final liability and accordingly £83 is repaid to him out of the tax credits of £930 on his dividend income. (This is a specific exception to the general rule that repayment of credits is available only to UK residents.)

The retirement dream certainly seems beguiling; a pension wholly removed from the deprivations of the UK taxman, supplemented by the UK and foreign investment income which has suffered respectively 28.7 per cent and 30 per cent tax in those countries. But the dreamer needs to enquire about the forms and levels of tax in the country which he has selected as his host. Let us hope they do not provide too rude an awakening.

Act before 5th APRIL for extra tax relief this year

Regular Investment Plans with life assurance provide one of the most cost-effective methods yet devised of accumulating a few thousand pounds.

For every £5 you save through our Regular Investment Plan before the end of this financial year you will be able to claim 15 1/2 p in tax relief, provided you pay tax at the basic rate and not more than one-sixth of your income is used for life assurance premiums. To help you get the maximum benefit from this tax relief we are making it possible for you to backdate your Plan to April 1978.

This other enables you to start a Plan through a life assurance policy with benefits linked to whichever M&G fund you choose. Suppose you wish to save £20 a month and have £200 available for investment. By backdating your Plan to last April and sending us a cheque for ten months' payments (£200), you can claim tax relief of £33.

Anyone over the age of 18 can join, but if you are over 54 you may only backdate your Plan three months. There is no maximum age limit, and the minimum investment is £12 a month.

On a £20 Plan, tax relief at present rates can bring down your net monthly cost to only £15.70, in most cases approximately less than the monthly purchase of units on your behalf by M&G Trust (Assurance) Ltd. As from 6th April, 1979, tax relief will be granted automatically and your premiums will be reduced by 12.5%, with the company reclaiming the difference on your behalf.

M&G, moreover, has been the most consistent group in the industry for some time.

Whatever geographical area you decide to put your money into, it would be wise to check it into the M&G stable. Contact 01-262 5112.

Investors should regard unit trusts as a long-term investment and suitable for money needed at short notice and should remember that the price of units may go down as well as up.

Regular investment of this type means that you can take advantage of the inevitable fluctuations in the price of units through Pound Cost Averaging, which gives you a positive arithmetical advantage, because your regular investment buys more units when the price is low and fewer when it is high. You also get the cover of at least 150 lines of your monthly contributions throughout the period of your age at entry is 54 or under. An element of life cover is also provided for higher ages, up to 74.

If you cash in or stop your payments during the first four years, there is a penalty, and the tax authorities require us to make a deduction, so you should not consider the Plan for less than five years. Higher-rate taxpayers should not cease payments during the first ten years if they wish to avoid liability to higher-rate tax on any gain. 81% to 94% of each premium (depending on your starting age) is invested, except in the first two years when an additional 20 per cent is retained to meet settling-up expenses. After two years, therefore, the amount invested will, in most cases, represent more than 100% of the net amount you pay after tax relief is taken into account. When you terminate your policy you will receive a cash sum.

BACKDATED POLICIES CAN ONLY BE ISSUED IN RESPECT OF APPLICATIONS RECEIVED NOT LATER THAN 5th APRIL, 1979. FROM £12 A MONTH. I wish to invest £... each month (minimum £12) in an assurance policy with benefits linked to the Fund of my choice. (Circle the Fund of your choice.) I enclose my cheque for the first premium of £... (I enclose £... monthly premiums (not more than £... or three if you are over 54) payable to M&G Trust (Assurance) Ltd. I understand that this payment is only provisional and that the company will not assume risk until formal notification of acceptance has been issued.)

THE M&G GROUP

Unit Trust Notebook No.19

Regular Savings Plans

Many people invest in unit trusts through a regular savings scheme. This is a convenient way of buying units because it fits in with your own plans to save a proportion of your income each month; it also avoids having to decide when to invest, because it spreads your purchases over periods of high and low share prices.

Types of regular savings plan There are two types of regular savings scheme. You can invest directly in a unit trust, using the whole of your payments to purchase units, or your payments may take the form of premiums for a life insurance policy. If you use the second method, the greater part of your premium is invested in units, although a small amount is deducted to pay the company's charges in setting up the policy and providing the insurance itself.

The main advantage of combining your unit trust investment with a life insurance policy is that you are usually allowed tax relief at the basic rate of tax on half your total premium. So if you are under fifty and in reasonable health, you will probably have more money invested for you than you pay in premiums. But, as with any insurance scheme, you cannot cash in your policy before its maturity date without some penalty, which may be high in the early years.

On the other hand, if you want to be free to suspend and resume your payments from time to time, it is best to choose a simple regular savings plan (without the insurance link) since this may be interrupted or cashed in at any time without penalty.

Which sort of fund? Regular savings plans are usually maintained over many years, so, if you intend to invest on a regular basis, you are probably best advised to use one of the general unit trust funds, since they have the flexibility to adapt to changed conditions and to take up investment opportunities in any sector.

Unit Trust Association Park House, 16 Finsbury Circus, London EC2M 7JP. Tel: 01-638 0871

As the pay policy cracks, Peter Riddell warns of the gloomy economic outlook for investors and Michael Cassell looks at mortgage prospects

Borrowers take the rap mortgages may escape

THE GOVERNMENT'S counter-inflation strategy has rested on the three legs of incomes, fiscal and monetary policies. But now that the incomes leg is looking decidedly wobbly more emphasis is inevitably placed on fiscal measures, whether through cuts in public spending and higher taxes, and monetary action. And that both directly and indirectly means interest rates.

Consequently, it is hardly surprising that there has been widespread speculation in the City this week about an early rise in rates. The talk was prompted by a strongly worded speech on Monday from Mr. Gordon Richardson, the Governor of the Bank of England. He deplored "absurdly high pay claims" and maintained that proper restraint of the money supply within a published target, together with appropriate fiscal restraint, had not just been gained in importance in the present climate.

This speech — the first by the Governor since the start of

the present crisis — was seized upon, probably prematurely, by the City as a signal of a possible further tightening of the credit squeeze. The speculation was fuelled by a sharp rise in short-term interest rates in the money market, reflecting both the jitteriness about the inflation prospects and certain shortages due to tax payments.

The mood was underlined by the comments of Mr. Richard Petheridge, senior managing director of Union Discount, the largest discount house. He said: "The possibility of a further rise in Minimum Lending Rate cannot be ignored. The need to sell gilts may require one more burst on the interest rate accelerator before the end of the fiscal year."

In the event the Bank of England decided on Thursday against an immediate increase in 12½ per cent where MLR has stood since early November. The authorities apparently believe that nothing has happened on the monetary front during the past few days to justify an increase.

The money supply and bank lending have been well under control, even though the rate of increase has edged up since last autumn. Moreover, while sales of gilt-edged stock—needed to finance the Government's borrowing—have dried up since the disputes started there is no great funding pressure at present in view of earlier large sales.

But the main reason for holding back is that both Treasury and the Bank of England want to wait and see what happens in the current disputes, notably that involving local authority manual workers, before undertaking a full review and decid-

ing on the appropriate action. There is also an obvious political reluctance to do anything which might push up mortgage rates. The authorities may, however, find the initiative taken away from them—as they did last autumn when the rise in MLR followed, rather than preceded, a rise in clearing bank base rates. The key indicator here is the three-month interbank rate which rose from 12½ per cent at the end of last week to a peak

of 13½ per cent on Wednesday, before falling back slightly in the last two days. This means that there is only a narrow margin between what the clearing banks have to pay for the money they raise wholesale from the money market and the 12½ per cent they receive in overdraft payments from top-quality borrowers. Moreover, the demand for bank funds may be temporarily boosted by the impact of the current transport disputes on the level of stocks of goods and work in progress held by industry. So a general rise in interest rates may only have been postponed this week.

NOBODY WOULD appear to be less certain about prospects for the mortgage rate during the coming months than the building societies.

With some 5m home buyers hanging on their every word, society executives have in the first weeks of 1979 been making their traditional forecasts about what is to come.

But for once, (in public at least) they are not speaking with one voice. It was no doubt

with some uneasiness that Mr. Leonard Williams, chief general manager of the Nationwide, stood before the Press a few days ago and found himself contradicting the outgoing chairman of the Building Societies Association, Ralph Stow, whose job he shortly takes over.

Mr. Ralph Stow had just been reported as saying that the present "uncomfortably high" interest rates—mortgages now

cost 11½ per cent or more—should fall in the spring. "Good news for home buyers" was on the way, he claimed.

Mr. Williams, however, stood firm. There was no early prospect of a reduction in the societies' interest rates and he was doubtful if they would fall in the first half of the year.

If interest rates generally did ease off within the next two or three months, the societies would be reluctant to follow too quickly; they would want to see if the return to lower rates was permanent. And they would need to top up their badly depleted liquid funds: societies used up £1.7bn of them meeting the shortfall between savings inflows and mortgage advances in 1978 and with the short-term prospects for funds looking poor, they expect to continue to dip into liquidity for some time to come.

To restore liquidity the societies need an improvement in funds, so they would be anxious not to reduce inflow any further and thereby increase the risks of a home-loan shortage by cutting back interest rates to the 20m investors who are now getting a fair return on their money (the ordinary share rate stands at 8 per cent, equivalent to just under 12½ per cent for a standard-rate taxpayer).

But although borrowers have little hope of an early respite from the second highest mortgage rate on record, they have the consolation that—barring general financial chaos—the chances of a further increase are low. The societies would not wish to contemplate such a move and, in election year, the Government's approval

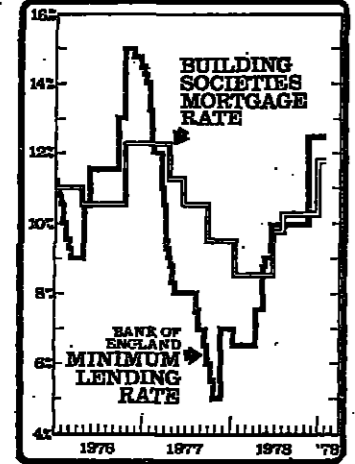


Leonard Williams: uneasiness

would be about as likely as a 5 per cent mortgage rate by Christmas.

A reduction in lending levels would be the solution, though societies in fact seem fairly confident that their position later in the year will improve and that mortgage advances will expand further. In any case seasonal factors make forward planning particularly difficult for societies at this time of year.

As for house prices, there appears to be general agreement that last year's 25 to 30 per cent average increase will not be repeated, though a slow-down in the recent rate of growth of real incomes seems to be implicit in the societies' calculations. Predictions of average price increases of around 10-15 per cent have so far attracted most support within the movement, but it is not too difficult to see more substantial rises if the present economic strategy goes haywire.



TGWU picket: nothing has happened to justify higher interest rates

A switch in time saves tax

IF YOU are fed-up managing a portfolio of shares, now is the time to swap them for unit trusts or investment bonds.

Dozens of unit trust and insurance groups have recently introduced attractive exchange deals for investors who want to get rid of their shares.

And if you make the swap before April 5 you could save on capital gains tax.

The point is that though taking part in an exchange deal counts as a disposal for CGT you may avoid all or most of the bill by phasing the deal properly. For under the latest

rules an individual is exempt from capital gains tax on gains totalling up to £1,000 in each tax year. This means that you can swap a share portfolio showing total gains of up to £2,000 within the next three months and pay no tax if you deal in two parts, one before April 5 and one afterwards.

If the investment group decides to hold on to your shares—rather than sell them for you—you will usually be credited with the full stock

Money Monitor

High-rate taxpayers should get to the Post Office by lunchtime today if they have not yet taken up their full share of the 14th issue of National Savings Certificates.

Today is the last day—for the moment at least—that you can invest in the issue, which is being suspended in favour of the new 15th issue. This pays a higher interest rate; but as the interest on all National Savings Certificates is tax-free most savers paying high-rate tax should have their full allocation of each issue.

Each saver can invest up to £3,000 in the 14th issue, which offers a return of 7.59 per cent over four years. For investors paying tax of 45 per cent or more, this is a better rate than the 6 per cent tax-paid which most building societies are currently paying on three and four year money.

You can invest not only on your own behalf but on behalf

of your children—there are no age restrictions on who can take part. Post Offices will accept investments by cheque until closing time today—one o'clock in most areas.

The maximum investment in the 18th issue is only £1,500 and if you leave the money for the full five-year term you stand to collect interest of 8.45 per cent a year.

Provident's progress

A major step forward in the use of traditional with-profits life policies to shelter well-off savers from higher rates of tax was taken this week with the launch of United Kingdom Provident's new Moneymax plan.

This has the special feature that when the policy matures you can leave your money on deposit with the life company as long as you want—and the interest that builds up is taxed at the life company rate of only 37½ per cent. There will be no tax to pay in your hands when you finally withdraw the money.

The plan is based on an endowment policy which runs for 10 years—the minimum period that qualifies for the usual tax privileges. The life cover can therefore be kept to a minimum so the maximum possible is invested for you.

UKP is following the trail blazed by the unlinked companies, which discovered early on that for high-rate taxpayers, the major attraction of saving via life insurance was not tax relief on premiums but rather the privileged tax position of life fund investments. So many of them have for some time had unlinked policies which you can leave your capital within the life fund after the maturity date. They have added the extra flexibility that the plan can be written as a sheet of small policies, any one of which can be cashed in without disturbing the others.

But with these plans the eventual pay-out is linked directly to the performance of the underlying fund. Many savers prefer to have some guarantee of how much they will get and UKP has set out to fill the gap.

On a projected net yield of 11 per cent, Moneymax matches the likely returns from a unlinked plan—but it is not as flexible.

UKP is now looking closely at ways to improve the plan—but the price savers must pay for investment guarantees must be some loss of flexibility.

1970s, more and more investors have been turning to things like stamps, coins and pictures. The problem has been to decide which of the many possible "collectibles" to go for. There is not enough information about their price performance and their comparative attractions.

Robin Dutty's "Alternative Investments" has gone a long way to fill this gap, writes James Bartholomew. The book, serialised in these pages before Christmas, provides introductions to 30 areas—coins, diamonds, English silver, firearms, gold, modern prints, stamps, French wine, books and Chinese ceramics.

It is elegantly written and attractively presented in coffee-table book style. Even if one never invests in any of these areas, the book is a most interesting enough in themselves. But one shortcoming is that the book does not fully capitalise on the excellent research it contains.

UKP is making no attempt to compare the performance between one collectible and another, for instance. And he makes little attempt to draw general conclusions which might be a guide to the future.

Why, for example, have modern prints by major artists risen 11,493 per cent whereas American 18th century silver has gone up only 285 per cent? Published by Michael Joseph, price £8.50.

The Death Tax

Can your family afford it?

Death could cost your family a lot of your money. The sale of your house, your shares or your business, perhaps? The end of private education for your children?

While Capital Transfer Tax can not be entirely avoided, its effects can be reduced considerably by making tax free cash funds available for your family.

For example did you know that if you are age 50 and invest £1000 on net your dependants could expect around £100,000 totally free from tax if you died at age 75. Alternatively you can achieve the same freedom from CTT with a capital investment whilst increasing net income.

Why not find out more about this or other aspects of saving, investment or tax? Towry Law are one of Britain's leading consultants on personal financial planning.

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SHARES

EAMONN FINGLETON

market "offer" price. This is the price that stockjobbers quote to buyers and it is usually 3 per cent or more better than the price you would get if you were disposing of the shares in the normal way. You also save on brokerage and other costs of selling which usually come to more than 1½ per cent of the total proceeds. On a typical disposal of a portfolio of £10,000-worth of good class shares, therefore, you will save about £480.

Most groups, however, are choosy about the shares they want to hold. If they do not already have a holding of the shares you are offering the best they can usually do is sell them for you on preferential terms. The usual deal is that the price you will get will be the normal "bid" price you would have got if you had sold through your stockbroker. But the group will pay the brokerage

and other dealing costs. The fine detail of share exchange schemes varies widely between different groups—so it is worth shopping around for the most suitable deal. Investment groups will not normally take your share portfolio on board on the best terms unless its total value is above a certain minimum—£5,000 in many cases. You may also face a requirement that each individual shareholding has to be at least a certain value—£500 is a common figure. Save and Prosper, however, will pay the full offer price for a portfolio whose total value is as little as £500 and this can be made up of a large number of different holdings.

Where your shares are sold for you by the investment group, it will usually only pay the brokerage for you on individual shareholdings worth £500 or more.

With most share exchange schemes, you pay the offer price for the units or bonds you are switching into—so the investment group is taking a normal front-end management charge as its payment for the deal.

The table shows the main terms for investors switching to bonds—but where a group allows unit trusts as well you can usually switch into them on similar terms. If you are in doubt about whether to go for bonds or straight unit trusts, check with a competent adviser.

You will probably also need professional advice to guide you to the groups where you have the best chance of getting the offer price for your shares—a good broker should know which groups already have holdings in the shares you are offering.

SWAPPING SHARES FOR BONDS

These are the terms you get where an investment group already has a holding in the shares you are offering. Terms are less favourable where it does not.

Valuation basis	Minimum portfolio size accepted	Minimum individual shareholding
Bardays Life	Offer* 2,000	None
Cannon Assurance	Offer* 2,000	500
Legal & General	Middle market price 5,000	500
M & G	Market + 1% 2,500	None
Save & Prosper	Offer* 500	None
Schroder	Offer* 2,500	350
Solar Life	Offer + 1% 5,000	None
Target	Offer* 100	100
Tyndall	Offer + 1% 100	None

Source: Money Management
 * The price which stockjobbers charge buyers.

Troubled looms

INVESTMENT

ARNOLD KRANSDORFF

DEALERS IN modern Oriental carpets are confident the trade will survive the Iran troubles largely intact. But while the country is in turmoil output will inevitably be depressed; some carpets, particularly fine ones, can take up to 18 months to make.

Prices should rise in the short term but dealers hope the problems will not last long. They argue that both the present administration, and any future religious-minded government, would want a healthy carpet industry.

For the moment, though, many weavers have stopped production and huge consignments of carpets, most of them bound for London (through which most of the world's trade in fine carpets passes), are strikebound in containers in Iranian docks.

In recent years demand has increased while supply has fallen, mainly because many weavers have been tempted away by higher wages in industry. London stocks of the

more expensive Persian Carpets, for example, are down to a tenth of what they were five years ago and not just because of the upsets in Iran.

All this has done no harm at all to the investment potential of hand-made carpets from Iran, according to the dealers.

But before you launch into the market you need to do your homework. You could start with "Successful Investment," a new book by former merchant banker Malcolm Craig in which he devotes a chapter to oriental carpets.

He reports that the best hand-made carpets from the Middle and Far East still have not reached the prices paid for them in the 1920s, inflation notwithstanding.

In the more recent past, how-

ever, prices have risen strongly. Mr. Craig, quoting auction prices, says that if you bought a medium-sized raised silk Kashan, circa 1870, in 1961, you would have paid about £100. In 1978 the same carpet would have fetched £2,100; assuming a willing buyer was around.

He marks your card on three ways of buying a carpet for investment:

- From a High Street dealer: The snag is that up to 50 per cent of the price you pay may be the dealer's markup—so you face a long wait before you will have a profit.
- At an auction: The major auction houses usually charge buyers a premium of 10 per cent—and the seller has to pay commission of 10 per cent as well.
- Through specialist carpet brokers: These have access to London's bonded carpet warehouses. Dealing through a reliable broker is probably the cheapest way in, says Mr. Craig.

One broking firm mentioned by Mr. Craig, Caroline Bosly Ltd., for instance, charges 10 per cent commission for buying on your behalf from importers and merchants.

The firm reckons that you

need to pay at least £850 for a carpet with a good chance of appreciating in value. And if you have £5,000 to play with you can start a Caroline Bosly "investment account" in which the firm trades actively on your behalf, taking its commission along the way.

Mr. Craig's tip for a small investment is a Beluchi rug—one measuring 5 ft by 3 ft will cost just over £100. In the medium-price range, he suggests an old Turkish Kula wool rug—a coffee-table size one would cost about £220 while a room-sized one would cost around £1,000.

For those with more to invest, he recommends a Silk Kuba—a 5 ft 6 in by 3 ft 9 in rug would cost up to £1,600, and for the really big investor, a Silk Herakle costing up to £10,000.

Published by George Allen and Unwin, price £4.95.

RUG PRICES, 1951/78

In each case the rug is approximately 5ft x 3ft 6in.

Year	1951	1978
Kirman (71 x 41)	120	4,500
Lapahn (71 x 41)	280	6,300

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3. Cash a series of policy units to provide a tax-free "income".
4. Combination of Options 1-3: cash, plus roll-up or "income"—whichever suits you best.
5. The right to start another 10-year investment—without evidence of health.

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LEISURE

New world and new ways

A NEW form of golf reared its ugly head recently at Palm Springs, California, and at the word ugly to describe the Palm Springs Golf and Racket Club in Cathedral City, a suburb of that area, I am talking purely in aesthetic terms, however.

GOLF BEN WRIGHT

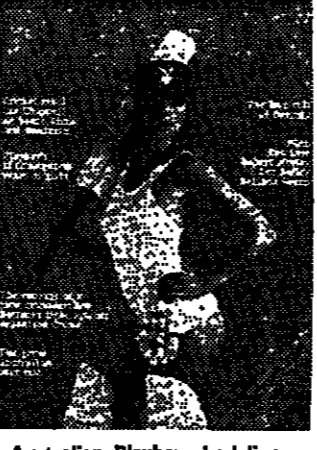
stroke? As Vallas explains: "Computer records of thousands of rounds of golf by professionals, men and women, high and low handicappers, have produced the information that the average distance for a first putt is 22 ft."

In Britain it is easy to overlook that as the fifth Test opens in Australia the row over Packer cricket rumbles on. Philip Bowring looks at the state of play, and at the sizeable fortunes still at stake.

Key days for cricket's other test

THE FIFTH Australia-England cricket Test begins in Adelaide today. But with England's retention of the Ashes already decided two weeks ago by its victory in the Sydney Test, the focus of attention for the rest of the six-match series may be as much on the size of the crowds and the general cricket audience interest as on the cricket itself.

of the balance of power that a few days after the fourth test, officials of the official world International Cricket Conference—the governing body of cricket—met WSC representatives. "Some progress" was reported by the officials, a phrase regarded as optimistic by the advocates of compromise.



Australian Playboy: bodylines.

break-even this year, having increased sponsorship income to around \$2.5m, and gates to a probable \$31.6m. Another estimate by a former Packer employee put first-year losses at \$3.7m, but any rough computation is partly meaningless because nothing is known about internal accounting practices within the Packer group and even less about the cost of alternative programming.



Packer: prestige investment

One potential area for flexibility could be the reopening of the question of first-class cricket in Australia. The Australian Broadcasting Commission's non-exclusive broadcasting rights expires at the end of the current season.

BRIDGE E. P. C. COTTER

TO DUCK is not the privilege of the declarer alone. In today's hands you will see what a duck by the defence can accomplish. Let us study this no-trump game:

Bridge hand diagram showing cards for North, South, West, and East, including a list of cards like N: 53, S: 10 8 7 4, etc.

Both sides had won one game when South dealt and bid one spade—he is strong enough to rebid two no trumps over a take-out in either minor suit, and there is no need to bid a prepared one club. Over North's reply of two clubs he duly bid two no trumps, and his partner on his 11 points raised him to three.

Best in Europe



THE 1979 seed lists are as full of exciting things as ever and make pleasant reading at a time when there is urgent need for something to distract from present discounts. The seed producers and distributors have not entirely escaped current difficulties; deliveries of some stocks having been held up at the docks or in distribution from one warehouse to another.

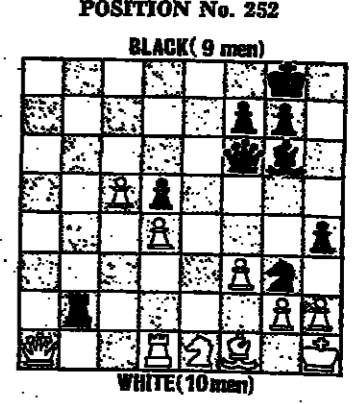
Honeycombe which really is a nice dwarf marigold or seven Star Red, Bolero and Copper Canyon which are outstanding. The first two are available this year but I cannot find Copper Canyon in any of the lists. Though we have far too many marigolds this is one I would have thought worth preserving.

GARDENING ARTHUR HELLYER

and one that to me seemed good enough for a silver. It is remarkably compact for a carnation, little if any above 30 cm, the flowers very full and a rich deep crimson. The catalogues are recommending it both as a border plant and for cutting but it might be a little short stemmed for the latter purpose unless one is prepared to use carnations as one would garden pinks. Incidentally there are some very good annual pinks on sale this year most notably Snow Fire, with single white flowers each with a central zone of scarlet, a variety which had a Fleuriselect Silver Medal in an earlier trial; Queen's Court, giving a full range of dianthus colours and Orchid Lace with deep fringed, mauve pink flowers that seem to stand the rain well despite their apparent fragility.

CHESS LEONARD BARDEN

ONE FREQUENTLY quoted chess maxim for beginners is that a premature attack on either side of the board can be countered by an effective thrust in the centre. Like all such generalisations, the difficulty in applying it is in the detailed analysis of the effective thrust.



POSITION No. 252

Timoshenko v. Kasparov, USSR championship 1978. The new Russian 15-year-old star Kasparov has just sacrificed a knight for the attack. Can White (to move) afford to take it, or should he seek safety by 1-K-N7?

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TORQUAY 12 Lismore Square, Torquay. Tel. (0803) 24321
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1976 Nov. Rolls-Royce Silver Shadow Saloon finished in Dark Olive over Willow Gold with beige hide upholstery. Speedometer reading 22,000 miles.

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A FINANCIAL TIMES SURVEY

MIDDLE EAST OIL

MARCH 20 1979

The Financial Times proposes to publish a Survey on Middle East Oil. The main headings, provisional editorial synopsis is set out below.

Introduction: The Middle East is the source of the bulk of world oil exports and of about 80 per cent of OPEC's production. How the industry has evolved from the beginning of this century to the present day—recent moves towards participation and State takeover. The dramatic effects of the 1973/74 oil price rise and the role of OPEC as a cartel. The smaller producers of the region which are not members of OPEC and the search for oil in other countries in the region.

- The Pattern of Production
Gas and Downstream Industry
Participation and State takeover
The Role of the Western Oil Companies
OPEC and the Middle East Oil Producers
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PROPERTY

Investing in Paradise

BY JUNE FIELD

THE CARIBBEAN residential property is finally coming out of the dead patch it experienced after the 1974 oil crisis. For those to whom high-rise buildings are anathema, and the brash, busy Mediterranean complexes an unacceptable backdrop for civilised living, investing in a peaceful Caribbean hideaway has particular appeal.

An unspoiled West Indian island has all the makings of paradise found—deep blue waters, exotic fruit and fauna, lush rain forests and practically uninterrupted sunshine. One might well ask, though, if paradise invested in isn't paradise lost? Probably Barbados-born George Hunte provided the most appropriate comments in The West Indian Islands (Batsford, 1972), when he drew attention to the necessity of making a place viable to give a basic standard of living. Tourist dollars may and often do corrupt, but stark poverty corrodes the spirit. So long as people want to share in the Caribbean sun will hotellers, travel agents and transportation companies persuade them to come.

Getting to the Caribbean has become that much simpler too—there are direct flights to St. Lucia and Antigua as well as packages to Mustique where Princess Margaret has her second home. This year Pegasus have even organised "Caribbean Weekends" to St.

Lucia, Thursday to Tuesday, from £175. General manager J. T. Duerden says that they are principally aimed at (among other things), "property owners who might want to see if the plumbing in their villa has broken down." Details from him at Pegasus, 24a, Earls Court Gardens, London, SW5.

Antigua, where Richard and Suzy Burton spent their honeymoon and hope to build a holiday home, has a bonus attraction since income tax was abolished two years ago. (Outsiders qualify after six months.)

In the bustling, thriving capital, St. John, I spoke to chartered surveyor George Plant who admits that although it is still very much a buyer's market, sales are active, with prices up by about 10 per cent over last year. "Increased demand in a limited market for furnished homes to rent means the rental market is flourishing, making the purchase of a holiday or part-time home a worthwhile investment."

"We have a number of North American and British owners who have a second home in Antigua. They winter here for 3-4 months, then let for the rest of the time. A good standard 2-bedroom, 2-bath villa lets for about US\$500.

Properties on Mr. Plant's current list, obtainable from him c/o Box 1075, St. John's, Antigua, WI, start from about

£20,000, with golf-course home sites from £3,850, and lots on "Paradise View" about three miles from St. John's, about the same. A one-acre lot on the hillside at the exclusive Half Moon Bay, near the famous Mill Reef Club, is U.S.\$35,000, and the historic Herberts Plantation House in three acres is U.S.\$140,000. Says Mr. Plant: "I prefer to quote prices in U.S. dollars—the EC dollar is tied to the U.S. dollar 2.7:1—as the £ sterling floats against both the U.S. dollar (thankfully on an improving trend), property purchase and rental can be attractive to a holder of UK funds."

The pattern of increased interest in property is being repeated on other Caribbean islands.

On St. Lucia, where independence is due on February 22, Jonathan H. Everett, marketing and sales manager at the Cap Estate, told me: "The market during the last year has been dominated by the repercussions of the commencement of the construction by Hess Oil of a US\$65m oil terminal. Although only in the early stage of construction, their specialist personnel have caused great demand for long-term rental property, pushing prices up by well over 50 per cent. This in turn has produced a similar increase in short-term holiday rental rates mainly because of the lack of property. Of the houses which we manage on the estate there are virtually no vacancies at all until April.



Contemporary in the Caribbean—individually designed villas on the luxury Cap Estate, near the German Investment Steigensberger Caribbean Hotel, are built on large

well-landscaped plots, some overlooking the water. Details Jonathan Everett, marketing and sales manager, Cap Estate, Box 328, Castries, St. Lucia, WI.

"The most exciting plan for the future is the negotiation, which is almost finalised, for the construction of a number of cottage condominium units. Aimed to sell at just under US\$50,000, they should provide the much-needed self-catering units for couples or small families who do not want, or cannot afford, to go to the big hotels. The individual cottages would be sold and leased back to a professional operating company." For more details write to Mr. Everett, Cap

Estate, PO Box 328, Castries, St. Lucia.

For my money, Mustique still provides the most unique Caribbean experience. On this magical island Swedish builder Arne Hasselqvist had the same story to tell on rentals. "Some houses are booked years in advance, and it is almost impossible to get a house for sale on the entire island, of which 10 have already been reserved. Currently everyone is busy surveying and clearing the new lots and building roads to them."

Serious buyers seek in snow

EVEN IN bad weather conditions, prospective purchasers are still struggling along to view properties for sale in Britain, say agents round the country. "Serious buyers feel that this is the time of year that they want to see what a place really looks like, wants and all. Most property can look fairly reasonable on a summer's day, but what does it look like when it is under a blanket of snow, and there is a trail of slush and muddy puddles up to the front door? Bad weather also shows up the vulnerable parts of property—leaky roofs, rotten window sills, and other traps for the elements to penetrate," one agent explained.

Down on the South Coast, Fox and Sons Goring-by-Sea office had no problems selling a house by auction in Pevensey Road, within a short distance of the sea front, for £31,000. Built in the mid-1930s, the house was in

need of complete modernisation and redecoration.

Top of the market period property is still attracting a fair share of attention too. Britwell House, Oxfordshire, the home of Mr. David and Lady Pamela Hicks has been sold to a Swiss company. Offers of £1m were being invited by agents Knight Frank and Rutley and Simmons and Sons of Henley-on-Thames for this magnificent Georgian mansion built in 1728 for Sir Edward Simeon, Bart.

Considerable interest is being shown in The White House, Penton Mewsey, some three miles west of Andover, say the agents, Pearsons. The house began life as an Elizabethan cottage, evidence of which is found in the existing kitchen, and there have been Georgian and Victorian additions. The house is listed Grade II, and has six bedrooms and two bathrooms, plus paddock, stables and

orchard. Illustrated details, which give information on the hunting, racing, fishing and golfing facilities nearby, from Pearsons, 17-21 London Street, Andover, Hants.

Also "listed" is a charming Elizabethan black-and-white house, Lower Wythall, Walford, near Ross-on-Wye, dating from about 1586, for sale through the Hereford office of Bernard Thorpe and Partners in conjunction with Coles, Knapp and Kennedy: they are expecting it to fetch £70,000. Well catalogued in the Royal Commission on Herefordshire, the house has a superb Elizabethan Great Hall with massive ceiling beams and original flagged floor, plus an 8-ft inglenook fireplace and refectory bench. There are five bedrooms, two bathrooms, study, sewing-room and beamed sitting-room, plus a cottage annex and a stable in the one acre grounds.

There is plenty of room for gracious living at Greyfriars, at the foot of the South Downs in Storrington, West Sussex, which is being offered at £135,000 by King and Chasemore, Pulborough. The main house has 11 bedrooms five bathrooms, a handsome library, five sitting-rooms and a large playroom.



Period attraction in the Wye Valley—Elizabethan black-and-white house, Lower Wythall, Walford, near Ross-on-Wye, has a Great Hall with massive ceiling beams and original flagged floor. There are five bedrooms, two bathrooms, and a stable in the one-acre grounds. Bernard Thorpe and Partners, Hereford, and Coles Knapp and Kennedy are asking £70,000.

There is also a cottage, and even a handstand in a small formal garden with fish pond, spinney, all tucked away in hard tennis court, paddocks, and eight acres.

PROPERTY

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HOW TO SPEND IT

by Christine Burton

Have a heart

ALTHOUGH WE may complain that certain special days—Mother's Day, Father's Day, even the Chinese New Year—have been exploited by some manufacturers solely for the purpose of extracting a few more pennies from our pockets, we can have no such complaint about St. Valentine's Day. The tradition of communicating in some way with one's loved one on February 14 stretches way back over the centuries.

St. Valentine's Day takes its name from Valentinus, a priest in the reign of Claudius II who, in 270 AD, sheltered some persecuted Christians. While awaiting execution for this "crime," the soon-to-be-martyred Valentinus restored the sight of his jailor's blind daughter and wrote her a message signed "From your Valentine." February 14, the date of his death, was also the date of pagan celebrations involving the names of sweethearts in honour of the goddess Juno; as the Christian empire spread, it was a convenient day to be associated with a Christian saint.

By happy coincidence, February 14 was also the day on which it was generally believed that birds started their springtime mating.

In the 16th century, the custom of drawing lots for sweethearts was practised throughout English villages: the person drawn received a present, such as a pair of gloves. In 1537 King Henry VIII signed a Royal Charter which made St. Valentine's Day "official." This was also the date of his death, and the date of his execution, in 1547, involving the names of sweethearts in honour of the goddess Juno; as the Christian empire spread, it was a convenient day to be associated with a Christian saint.

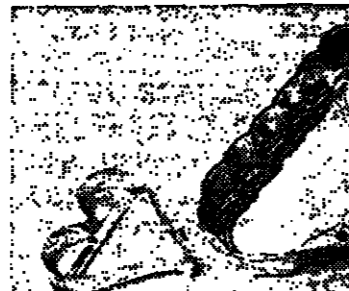


Collecting enamel boxes is enjoying a revival at the moment. This one, by Crumple English Enamels, has a yellow base and white lid featuring two hearts of yellow flowers with a blue bow. It costs about £1.25 and will be available from Harrods (p+p 55p), Fortnum and Mason, Token House in Windsor, Cheltenham and Chichester and Mulberry Hall, York.

Halcyon Days' St. Valentine's box for 1979 (not illustrated) features a design of hearts and violets against a shell pink background and the wording "For my love." £15.50 (p+p 25p). Halcyon Days, 14, Brook Street, London, W.1 (p+p 45p).

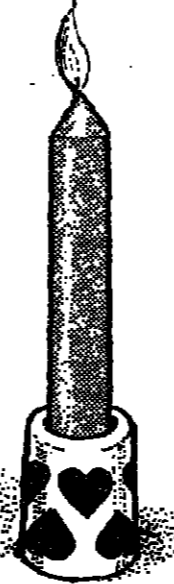


Branches of Roots have a good selection of gifts on the Valentine theme. This white pottery box—2 1/2 inches across, 1 inch deep—with a satisfied looking Snoopy sitting on the lid, is a good example. £1.75. Eat your Valentine's day dinner by candlelight. Red 4 inch high candles in pottery holders cost £1.45 (p+p 25p) for a pair, or £5.30 (p+p 40p) for a box containing 10 candles and holders. From Parrots, 56, Fulham Road, London, S.W.3.



Bake the family some heart-shaped cookies. 4 inch reinforced biscuit cutter, left (72p, p+p 15p); cake tin, centre (£1.50, p+p 60p), and set of cutters, 1-4 1/2 inch (£1.16, p+p 30p). All from Elizabeth David, 46, Bourne Street, London, S.W.1.

Serve the cookies from pretty white china decorated with pink hearts. From a range of china and linens in this design at The White House, 51 New Bond Street, London, W.1, the cup and saucer costs £7.50 and tea plate £3.50.



Lu Gil



What could be more romantic than this 18 carat gold chain and its pendant in the shape of an envelope with a cluster of small diamonds to seal it? All we do at the side to reveal the message—"I love you"; it can be engraved with any words you like. £316 from Cartier, 175 New Bond Street, or Cartier Boutique, 20 Albemarle Street, London W.1.

The range in red only is also available from Parrots of Fulham Road.

He was proved wrong, however, in 1821, an extra 200,000 letters were delivered on St. Valentine's Day in London alone. The tradition of presenting gifts caught on even more in Victorian days; the Victorians loved to indulge their loved ones with little trinkets, often in the shape of good-luck charms. Nowadays many of these can be found on stalls in antique markets all around the country.

The sending of cards also increased in Victorian times; they became more ornate, with lace-edging and silk and velvet backgrounds. A selection of early Valentine cards can be found at the stalls of antiquarian booksellers in Grays Mews Antiques, 1-7 Davies Mews, and Grays Antique Market, 58 Davies Street, both London W.1. They start at £4 or £5, more elaborate ones go up to £20.

I have always felt that the nicest thing about St. Valentine's Day was that it provided

an opportunity for an anonymous compliment to be sent. Remember what fun it was trying to identify the handwriting on that mysterious envelope and to decipher the postmark.

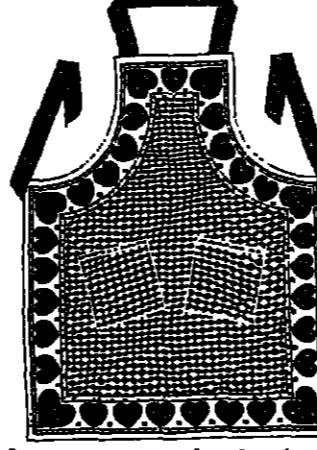
So if you fancy someone, for instance a fellow commuter, let me encourage you to take your courage in both hands and pen a missive. Perhaps you could try the reverse of pocket-picking—with any luck you might get caught.

Alternatively, you could plan a Valentine's party—although in these austere days you may be reduced to offering a selection from your cheese board. At any rate you can go to town on the decorations. A visit to Paperchase (in Tottenham Court Road and Fulham Road) will reward you with a huge choice of hearts—heart-shaped place tags, message pads, mobiles, notepaper, candle rings and labels. Harrods will supply bottles of champagne (£8.75),

whisky (£8.75 or £16.50), or brandy (£7.65) with a label reading "... this bottle is now especially reserved for ... My Valentine" or any name up to 15 characters. Orders take up to 10 days; delivery is free within a 30-mile radius of Harrods, or p+p is £1.85 for up to two bottles.

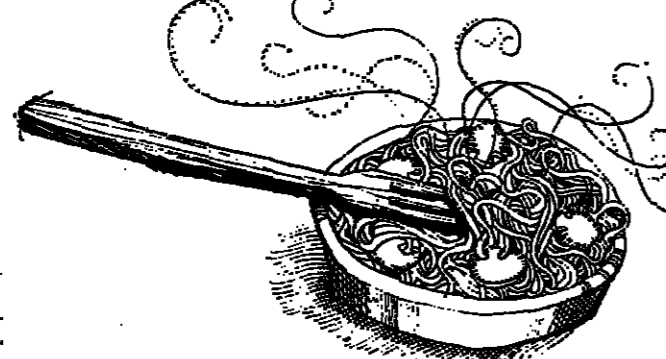
If you hold your party at lunchtime, you could send out for a heart-shaped pizza. It will arrive three-quarters cooked—you finish it off in the oven. The service costs £4 plus the cost of the mini-cab in central London. Make arrangements beforehand with the Chicago Pizza Pie Factory, 2-4, Crown Passage, Pall Mall, London SW1 (01-830 1809).

Spend the waiting time lounging against a black knitted cushion with "Who loves you Baby!" in silver worked into it. 15 1/2 square. It costs £10.55 (p+p £1.09) from Heals, 186, Tottenham Court Road.



An apron, even though adorned with diamonds and hearts, is hardly the most romantic present. Nevertheless, the range, which includes a linen bag, oven gloves, tote and peg bag, is very attractive. Pure cotton, they come in red, blue or green on a cream background. The apron costs £2.25 (p+p 40p) from Heals, 186, Tottenham Court Road, W.1.

the nicest thing about St. Valentine's Day was that it provided an opportunity for an anonymous compliment to be sent. Remember what fun it was trying to identify the handwriting on that mysterious envelope and to decipher the postmark.



Spaghetti luncheon

BY JULIE HAMILTON

IT WAS Piero Franca, flamboyant Genoese opera singer, owner of restaurants and a vineyard, who dramatically changed my husband's view of spaghetti. What was once a useful and agreeable dish became one of his lip-smacking meals, original enough for him to invite his friends to share it. Piero stayed a week with us in Sussex, speaking no English but miming memorably in baritone. As with many singers, it was difficult to know which he prized most, his voice or his food. One morning he indicated that he wished to cook for us, looked in my larder and fled in horror to the nearest delicatessen.

He returned with tins of cockles, clams, mussels and tomatoes, packets of vermicelli, a chunk of parmesan, dried basil, the finest olive oil and the

choicest Italian wine. He denuded my garden of parsley, he laboured long and lovingly, he spattered cooker and ceiling with his fast-boiling, spitting tomato sauce and eventually produced a spaghetti that still, five years later, lingers on our palates.

A comparable result can be achieved with fewer ingredients and less labour.

Most English cooks are taught to put long spaghetti whole into boiling water, allowing it to curl round the saucepan. Italians taught me to break it up into approximately 5-in lengths. It handles much better that way and can be eaten with reasonable dignity. Always use a large preserving pan, that will do splendidly, at least 3 quarts to 1 lb of spaghetti. One lb of spaghetti will serve four people.

Spaghetti with Cockles, Genoese style

20oz fresh cockles (or two 10 oz jars), 1 lb spaghetti, or preferably vermicelli, big bunch of parsley, 6 large cloves of garlic, 1 1/4 oz tin of tomatoes, 1 wine glass of good dry white wine, 2 heaped teaspoons of dried basil, 1 teaspoon sugar, salt and plenty of freshly ground black pepper, 5 tablespoons olive oil.

Put one tablespoon of the olive oil and two whole, peeled cloves of garlic in a saucepan and heat gently. Push tomatoes through a sieve or mortar and add to garlic and oil. Add basil, sugar and salt to taste, bring to the boil and cook until reduced by half.

Meanwhile put the rest of the olive oil, garlic and parsley in a blender and liquidise (add extra oil if your blender needs it). Pour this mixture into a

frying pan and put on gentle heat.

When a beautiful aroma arises, add the well-washed and drained cockles, fry fast for about a minute, reduce heat and add the white wine and plenty of freshly ground black pepper. Simmer for about seven minutes, add the tomato sauce, and continue simmering and stirring from time to time until the sauce is quite thick. Heat a large serving bowl, tip the sauce into it and keep hot.

To cook the spaghetti, bring plenty of water to the boil, add salt and let it boil fast for a minute. Break the spaghetti in half or thirds and immerse in the boiling water, stirring regularly. Do not cover. Cook until tender but still with a bite in it.

Add the cooked spaghetti to the sauce and mix thoroughly. Serve without parmesan. This dish is also delicate cold.

Spaghetti with Tomato Vinaigrette

This dish takes no longer than the time needed to cook the spaghetti. It is the ideal answer to those last-minute intrusions; it is perfect in summer and can be served hot or cold.

1 lb spaghetti, 14 oz fresh tomatoes, 1 clove garlic, or more if liked, 1/2 teaspoon French mustard, 1/2 teaspoon sugar, 1/2 teaspoon salt, 4 tablespoons olive oil, 2 teaspoons wine vinegar, fresh basil, if available (or two sprigs parsley), freshly ground black pepper.

While the spaghetti is cooking cut up the tomatoes and put them in a blender/liquidiser with the oil and vinegar. Liquidise. Add all the other ingredients, taste and adjust seasoning.

If it is to be served hot, tip into heated serving bowl and keep warm. Drain the spaghetti (if to be served cold, rinse it under cold water) and add to the sauce. Mix well and serve. Parmesan cheese is optional.

Spaghetti with Green Sauce

This is quick and simple, but only for those who love garlic.

1 lb spaghetti, 4 good-sized cloves of garlic (or 8 small ones), 4 teaspoons Parmesan cheese, large bunch of parsley, plenty of fresh basil, 4 medium-sized boiled potatoes (or 12 oz), 12 tablespoons of olive oil (which must be of high quality—I prefer the dark-green Cypriot oil), squeeze of lemon, salt and

freshly ground black pepper to taste.

Pound the garlic, salt, pepper, basil and parsley together and combine it with the olive oil and cheese (or put it all in a liquidiser). Cut the potatoes into small pieces and put in a hot serving bowl. Pour the combined ingredients over them and mix. Add the cooked spaghetti and mix well. Serve hot.

Spaghetti with Crispy Bacon and Egg Cream Sauce

This sounds like spaghetti carbonara but in fact, is, to my mind, infinitely superior. It is also easier to serve piping hot. The sauce is a useful standby, and goes down well with most people, including children.

1 lb spaghetti, 1/2 lb bacon, 2 oz butter, 1 egg, 8 oz cream, 1 small clove garlic (optional), seasoning to taste, grated cheese to serve with it.

Cook bacon until crisp and chop it up small. Combine the cream and egg and a squeeze

of lemon. Put the butter in a serving bowl over a pan of boiling water. Put the cooked spaghetti and crispy bacon in the melted butter and mix well. Pour in the combined egg and cream, season with salt and pepper, add the crushed garlic, if wanted, and mix well over the boiling water until the whole is well blended and appears thick and creamy.

Serve at once—otherwise, if kept hot, the sauce will continue to thicken. Sprinkle with grated cheese to taste.

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Putting on a new face

THE pictures and news of Betty Ford's face lift have created a great deal of interest in plastic surgery among many women over forty.

It is a subject on which it is normally not easy to get a lot of information, since face lifts are not usually done more than once, or at most twice in a life time; it is also a subject on which women who have had one don't usually say much—even your best friend is reticent about owning up to having had her face lifted!

Possibly the first point to make is that although facial surgery can make a considerable difference to your appearance, it is not the total answer to looking younger. Nothing, in fact, dates you more than the way you walk and move. A woman in her 50s or 60s who has kept her figure in trim and her muscles supple, can look younger than most of her contemporaries; so if you feel you would like to shed a few years, a little exercise or yoga is a good starting point.

But to get back to face surgery, more and more women today are taking the plunge. It really can have a rejuvenating effect and give a bonus of 15 to 20 years to your looks. It is also much less risky than it was in the old days: every year new skills and safeguards are developed. Surgeons are much more experienced and results look more natural—they do not leave a drawn-up skin that narrows the eyes and gives an unreal look to the face. New techniques in stitching have minimised the risk of scarring and modern antibiotics cut down the risk of infection, so less time need be spent in hospital.



Betty Ford's present to herself: a much more youthful face.

Face lifts and eye bags

The two most usual cosmetic operations, apart from a nose job, are a full face lift and that for the removal of bags under the eyes. Eye bags are caused by little hernias of fat that get trapped in the delicate tissues underneath the eyes and these usually become more noticeable when wrinkles come with aging. The operation to remove the bags and wrinkles is done under a general anaesthetic and takes about 1 to 1 1/2 hours (some Continental surgeons use local anaesthetics but most English surgeons I spoke to said that the injections can cause puffiness). Because the incisions are made very close to the edge of the eyes, under the lower lashes, the line of stitches is almost invisible.

Eyes are kept lightly bandaged for 24 hours after surgery, very little discomfort. As the skin around the eyes heals quickly, the slight bruising and swelling last only for a few days; most people find it can quite easily be camouflaged with foundation, or by wearing tinted glasses. Stitches are removed in ten days, but even then you should be a bit careful about wearing mascara straight away as the bright colour can get into the scars and cause puffiness.

Heavy eyelids, which give eyes a hooded look, can be removed at the same operation: incisions are made in the creases of the eyes, surplus loose skin is removed and scars are effectively hidden.

A full face lift is a bigger operation: incisions are made in the hair above the temples, going down in front of the ears, under the lobes and ending behind the ears. Very little hair needs to be cut; bandaging is light and only lasts for about 48 hours after the operation. Most patients say they feel doped, and a little uncomfortable, but not in any real pain. Stitches are removed after a week.

The main improvements achieved with a facelift are in smoothing cheeks, getting rid of nose to mouth lines giving a firmer jawline, and improving the appearance of the brows. A full face lift is not necessary to have surgery at all will depend largely on your bone structure and to some extent on your skin type. Eye operations are more likely to be suitable for people with fine, dry skins who are more prone to lines and wrinkles, particularly around the eyes. Full face lifts are more appropriate for women with small features whose bone structure is not very prominent. If you have strong features—a big chin, well defined cheekbones—you will find that you keep your facial contours better than women with small features; and you will therefore be less likely to need a full face lift.

One fact that is not generally realised is that a face lift is not permanent. This is one reason why some surgeons may not agree to do a lift if they feel that the patient is too young and the skin and contours are not sufficiently wrinkled or sagging. There is, in fact, no perfect age for a facelift; the result would usually be less dramatic with a woman in her late 40s than with someone, say, in her 60s. It is, however, possible to have more than one lift: the original scars can be cut out when the next incisions are made and a second operation need not be as extensive as the first.

More surgical treatments

There are also specialised surgical remedies for small lines and furrows, notably on the forehead, around the eyes and at the edge of the top lip. A French treatment called thread-lift is a good way of treating these small lines. It is done under a local anaesthetic—a threaded needle is inserted at one end of the wrinkle and drawn out at the other. Both ends of the thread are knotted. Because the thread is alien to the body, fibrous tissue builds up over it, but under the skin, thus plumping out the wrinkle, which will either disappear or lessen in depth. When this healing process has taken place, after about 10 to 14 days, the knots are cut and the threads withdrawn.

Another method of line filling is Galvanopuncture. This is done with an electric needle and causes a little burn in the base of a skin furrow, thus swelling it out.

In a treatment called Dermabrasion which is sometimes used to get rid of lip furrows, the top layer of the skin is literally blasted off causing the edge of the lip to swell out as the skin heals.

Cosmetic surgery won't make a woman of 45 look like a teenager—surgeons aren't miracle workers and they don't like operating on the type of patient who has an unreal image of herself—or himself—and wants to look completely different. As one surgeon remarked recently: "If you cannot make a person feel better as well as look better, there's not much point; he or she may need psychiatric treatment instead of surgery."

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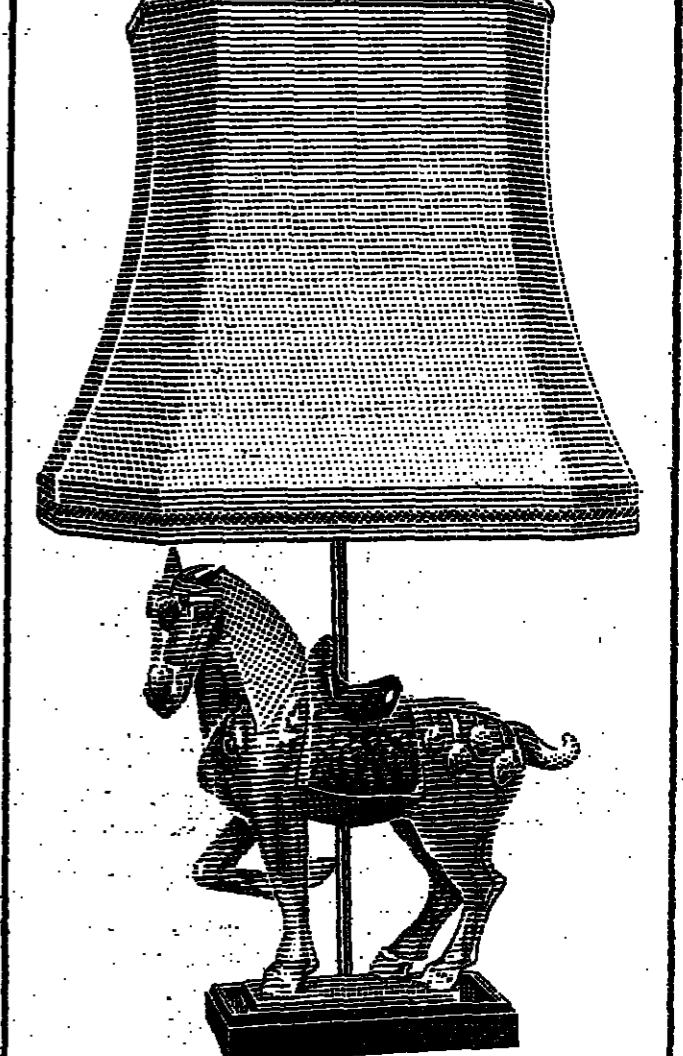
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Silver spoons

BY JANET MARSH

ON FEBRUARY 9th, Phillips the auctioneers are selling the Alexander James collection of silver spoons. Is there perhaps a sense of omen about lot 62, a James I Apostle spoon depicting St. Simon Zealot? The spoon was last recorded in the saleroom when Christie's sold the Marquis of Breadalbane's collection of historic spoons on May 12th, 1926. On that occasion the auctioneer heralded the sale by announcing solemnly and joyfully the end of the General Strike.

The Alexander James collection is small compared, say, with the Breadalbane; but early spoons have become rare on the market, and the collection of 60 items has been carefully assembled to illustrate the evolution of the English spoon. It includes a rare 14th-century example, and shows every significant development of form during the succeeding four centuries.

A somewhat ceremonial aspect has always set the spoon apart from other tableware. Some of the most beautiful examples surviving from antiquity seem to have been connected with rituals; one of the earliest known British spoons is the anointing spoon which dates from the 12th century and is the only bit of the Coronation Regalia to have survived Cromwell's melting pot. As practical tableware, spoons were perhaps in any case not too much in demand before the 17th century. The Englishman was adept at handing the food to his mouth on the point of his knife, and supping liquid foods straight from the bowl. Such effete aids as forks were strictly for the foppish Frenchman or Italian. That sophisticated Queen Elizabeth had dozen forks, inherited from her father; but three of them were broken; and even in Charles II's time foreigners noted that the English aristocracy still stubbornly managed without them.

As kitchen utensils spoons would be made of wood or horn or the like. Spoons of silver, however, perhaps because of their very air of luxurious superiority, were among the first items of plate that the affluent mediaeval burger strove to possess.

The ceremonial character persisted. Spoons were given at christenings; spoons were given as *memento mori* at funerals. It was customary until the seven-

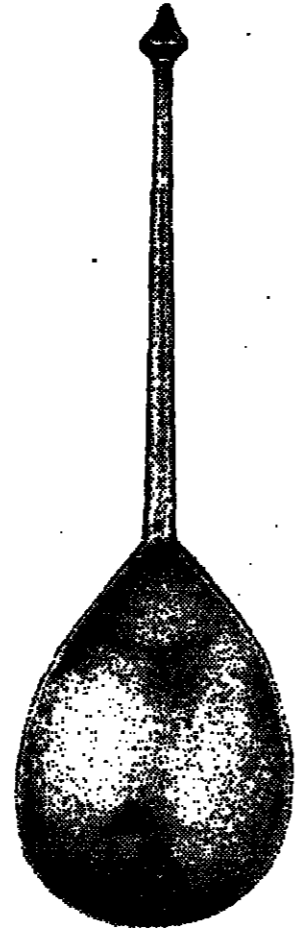
teenth century for courtiers to make presentations of silver spoons to the monarch on New Year's day, optimistically expecting a present of greater value in return. Edward VII's *Treasury in consequence* possessed what might have been thought an inconvenient quantity of spoons. The regard in which spoons were held as objects of value is enshrined in the saying "in his mouth"—a phrase which conjures up grotesque images of choking infants with distended mouths.

English silver spoons were distinguished by being almost invariably made in one piece, and followed a quite strict evolution. The earliest examples, from the 12th century, have fairly oval, slightly pointed bowls. The bowl then progressed through round, fig-shaped, and egg-shaped, with the narrower end attached to the stem. Fairly late in the seventeenth century the bowl did a volte-face, to the present arrangement with the broad end of the egg attached to the stem.

The stem itself always attracted decoration. The group of 12/13th century spoons that have survived from various parts of the island all have elaborate scroll ornament and grotesque gothic heads. From the 12th to the 16th centuries the knob of the stem took various forms—diamond point, acorn, ball, "wrythen," baluster, seal-shaped.

The major revolution in the shape of the spoon came with the so-called "Puritan" spoon of the Commonwealth period, when the traditional thin-usually hexagonal—stem was flattened, anticipating the modern spoon. The 18th century revived the notion of the whole flatware service comprising knives, forks and spoons en masse, and it is from the Georgian period that we can date the decorated backs and the serviceable "Hanoverian" pattern which remains the most favoured style to this day.

The ceremonial aspect of spoons was again characterised by the habit of decorating knobs with human or heraldic figures. The "maidenhead" spoon, formed as the head and shoulders of a lady (whether intended to represent the owner or the Blessed Virgin no one is certain) appeared in the 14th century; from the 15th century we find the "Widow" or "Wild Man of the Woods."



Apostle spoons made their appearance in the early 16th century and have continued to command special affection; not so long ago you could still get their debased successors with coupons from breakfast cereal packets. The rarity of full sets of thirteen spoons—the Master and the Twelve—is due to the habit of presenting single spoons, of appropriate apostles, as christening gifts.

Later generations have celebrated coronations, jubilees, exhibitions and personalities with commemorative spoons, which are nowadays in easier reach of the ordinary collector than the early and historical examples of the Alexander James collection. Only this week a friend sent me a handsome spoon with a head and shoulders portrait of Pola Negri, apparently one of a set of Hollywood deities of the twenties.

The Alexander James collection is expected to realise something like £60,000—an average of £1,000 a spoon—with some items, like the Mediaeval acorn-knob spoon, in excess of £3,000. For the past few years the collection has been on loan to Cardiff Museum; and examples from it were included in the recent exhibition commemorating the 500th anniversary of hall-marking, at the Goldsmiths' Hall.

Thomas Chippendale

OVER the last ten years or so, something of a revolution has taken place in the attitude of students and collectors of 18th-century furniture to the work of the English cabinet-makers. Until the mid 1960s, there is little doubt that English makers were considered distinctly poor cousins of the French *ébénistes*; the market as a consequence was stagnant. As Gerald Reitlinger remarked in his third volume of *The Economics of Taste*, "there was only a moderate advance in the price of English furniture in the 1960s, less than an adjustment to the 40 per cent devaluation of the pound in purchasing power."

In the 1970s, however, what was a depressed market has become a distinctly dynamic and vibrant one. It is still true that the overall value of English furniture, compared with that of French pieces, especially at the more modest end of the price scale, still seems very low and that it is still possible to acquire fine 18th century pieces at surprisingly modest sums, but it is no longer possible to snap up top works at the almost ludicrous prices which prevailed a decade or more ago.

However, among the vast quantities of English 18th century furniture that continues to come onto the market in an apparently endless flood, those pieces connected with Thomas Chippendale have always had a special place. Chippendale, like Giordano, Cellini, or Stradivari, is one of those somewhat shadowy figures who haunt the history of European art but who enjoys, nevertheless, almost legendary reputations.

In Chippendale's case, his name has become almost synonymous with 18th century English furniture, although until recently, there were very few actual pieces which could be attributed to him with any degree of accuracy. He was a man whose influence was felt everywhere but whose actual presence it was difficult to locate.

There has now appeared a major two volume study of his life and work by Christopher Gilbert* which will obviously do much to illuminate what has always been a most difficult and complex subject. The author himself succinctly points out difficulties facing students of Chippendale's work and, by implication, shows the importance of his own researches:

"In 1908-4 R. S. Clouston contributed a series of seven articles on Chippendale to the *Connoisseur* without being able to name a single accredited patron or identify any furniture

now accepted as authentic. When Oliver Brackett's classic monograph appeared in 1924 14 customers had been established and Anthony Coleridge recorded a further 12 in 1968; the total now stands at 65. Of course, many patrons—the majority in fact—are known only from archive references, the furniture they bespoke hav-

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IAN BENNET

ing disappeared; but 26 commissions remain where relevant items have either passed by descent to the present owner or can still be traced in public or private collections. Thus, a very impressive body of documented furniture, amounting to around 700 individual pieces, survives—this substantially more than has been identified from any other London workshop."

There can be no doubting the high quality of Mr. Gilbert's achievement but it is equally incontrovertible that the subject has by no means been exhausted and that a revised edition of this book will almost certainly be necessary in 10 or 15 years. Very little is known about Chippendale's early life, for instance, and an even greater source of mystery is the virtual absence of any absolutely authentic piece from the period before the appearance of the third edition of *The Gentleman and Cabinet-Maker's Director* in 1782. This great pattern-book, first published in 1754, the year after Chippendale established his workshop in St. Martin's Lane, was unquestionably the most important source for furniture design in the second half of the 18th century, yet it is still extremely difficult to distinguish between those pieces, and they are legion, copied from the *Director* by furniture makers throughout England and other countries, and those works which may be safely attributed to the Chippendale workshop itself.

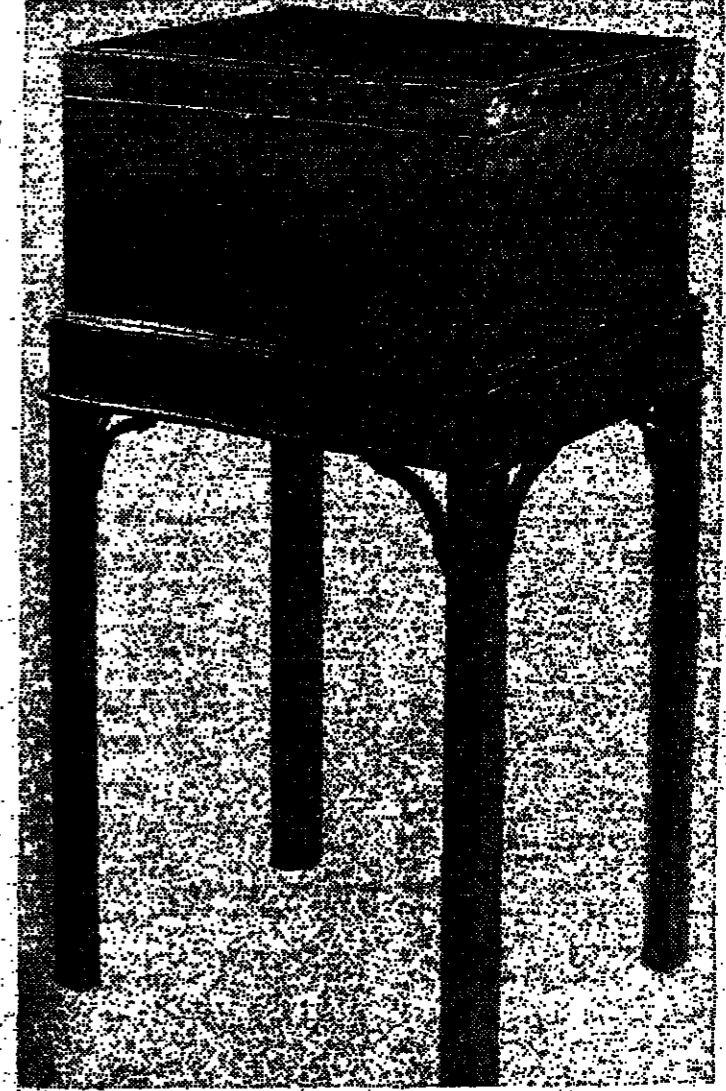
Mr. Gilbert has set himself the task of attributing pieces to the Chippendale workshop itself only when obvious stylistic and structural features are allied to firm documentary evidence. One of the best and most dramatic instances of this was the discovery of a suite of seat furniture in the Royal collection. In 1758, Chippendale had apologised to one of his clients for a delay in delivery on account of

the fact that he had received an unexpected commission from the Royal Family. However, the fruits of his commission had, apparently, disappeared.

Then, as Mr. Gilbert tells it, there occurred in 1975 an extraordinary coincidence; the Edinburgh antiquarian Francis Bamford discovered and published a manuscript journal by Thomas Mout, who had come to London in 1775 with a letter of introduction to the widow of one of Chippendale's deceased partners, James Rennie. Through this contact, Mout met one of Chippendale's other partners, Thomas Haig, as well as Chippendale himself and his son Thomas Junr. On September 20, Chippendale Junr. took Mout on a visit to Gloucester House, the residence of H.R.H. Prince Henry, Duke of Gloucester, and two days later took him to Windsor Castle. Since Chippendale Junr. was later to describe himself as "upholsterer and cabinet-maker to the Duke of Gloucester" and since he had easy access to two such exalted residences, it is assumed by Mr. Gilbert that he and his father had provided furniture to both places.

However, the second half of the coincidence took place on August 3, 1975, when Mr. Gilbert himself opened his copy of the Sunday Times Colour Supplement to see a 70th birthday photograph of H.M. The Queen Mother at Clarence House seated on one of Chippendale's standard early neoclassical drawing-room chairs. Excited enquiries revealed that this chair was part of a suite of seat furniture bearing George IV's inventory brand mark. Mr. Gilbert remarks on the close similarity between the surviving pieces in the Royal collection and those supplied to Brocket Hall in the early 1770s and concludes that Chippendale's statement of 1788 has at least been substantiated.

Such evidence as Mr. Gilbert produces for the attribution of the Royal pieces to Chippendale is certainly strong, if circumstantial. It does not explain why the pieces did not receive their brand marks until at least 50 years after they were supposed to have been made and one is not entirely convinced that they could not have been made towards the end of the 18th century by Chippendale Junr. This aside, it is extraordinary that these pieces, given that they are in the Royal collection, have not been noticed by the several scholars who, in the past, have devoted many thousands of words to



exploring Chippendale's work. If pieces such as this can remain hidden for so long, one suspects that there is a vast mass of material still awaiting discovery.

There are other instances when one feels Mr. Gilbert errs too much on the side of caution. One instance is the great Combe Abbey library table sold recently at Sotheby's from the Hochschild collection for £110,000, an auction record for a piece of English furniture. Chippendale is thought to have supplied furniture to the first Baron Craven at Combe Abbey in about 1754. This piece was in the collection of the Craven family until 1961, when it was sold by Cornelia, Countess of Craven at Sotheby's for £13,000; it is a piece of magnificent quality and is designed in part from plate LXXXIII in the *Director*. However, in the absence of documentary evidence, Mr. Gilbert suggests that "the temptation to claim it as Chippendale's work must be resisted." One would have thought, however, that the evidence for this piece being an authentic product of the Chippendale workshop was certainly as strong, if not stronger, than that of the Royal seat furniture, which Mr. Gilbert is prepared to accept.

Finally, another, somewhat trivial, point. At exactly the time Mr. Gilbert's book was being published, there arrived out of the blue at Christie's a superb cabinet on a stand from the Croome Estate Trustees. A bill for this piece from the firm of Chippendale and Rennie still exists in the Croome Estate archives and was published by Mr. Gilbert in his discussion of the Croome Court furniture, which was commissioned by the sixth Earl of Coventry in the late 1760s. However, Mr. Gilbert remarks, "none of the pieces by Chippendale can now be traced, and then, almost as he said it, the piece appeared from the same estate it had been in since the 18th century. Such things happen almost as if to mock the scholar. Yet Mr. Gilbert's book is a noble work which is much commended."

Christopher Gilbert: The Life and Work of Thomas Chippendale. Two vols., Studio Vista in association with Christie's, 1978, £50.

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EXPERIENCE AND EXPERTISE... 364

Grande-sonnerie bracket clock of Royal Provenance, by Thomas Tompion, London, circa 1690, 141 cm. (36 cm.) high. Sale, Wednesday, February 7.

Thomas Tompion (1639-1733), sometimes referred to as the "Father of English Clockmaking," is recorded to have made a number of elaborate spring clocks, often for Royal Patrons. These clocks have distinctive richly-mounted cases and frequently house movements of great complexity and ingenuity. The Tompion clock illustrated above is such an example and is included in Christie's sale of Important Clocks held on February 7th. Tompion made only two other clocks with dials of similar layout and with two-train grande-sonnerie movements. The clock offered was given by Yulliamy to George III's sixth son, H.R.H. The Duke of Sussex, and was sold at his sale at Christie's on July 4th, 1843, and realised £12-10-0.

For further information on this sale and other sales of this kind, please contact Nigel Rafferty or Richard Garnier at the address above.

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BOOKS

Poet of the Twelve speaks out

BY C. P. SNOW

The Life of Aleksandr Blok... The Distant Thunder... 1938-1968... by Avril Pyman... Oxford, £12.50, 358 pages.

In the bitter cold of the first winter of the Russian Revolution... Blok's young manhood... there before we did, and more was happening... Blok's young manhood... Blok's young manhood...

more cultivated and liberal... His grandfather had been Rector of Petersburg University... Blok's young manhood... Blok's young manhood...

close to the Russian spirit that she is reticent... Blok's young manhood... Blok's young manhood...

At the same time, she can enter into the kaleidoscopic emotional whirls of Blok... Blok's young manhood... Blok's young manhood...



Aleksandr Blok: doom in the air

should, and by producing the most difficult of tasks... Blok's young manhood... Blok's young manhood...

Brecht across the water

BY B. A. YOUNG

Bertolt Brecht's Great Plays by Alfred D. White... Macmillan, £8.95, 195 pages

Brecht: A Biography by Klaus Volker... Marion Boyars, £12.00, 412 pages

Bertolt Brecht, Collected Plays, Volumes 21, 22, 23... Eyre Methuen, £5.95 each, 138 pages, 124 pages

Dürrenmatt, a Study of His Plays by Urs Jenny... Eyre Methuen, £5.95; paperback £3.50, 206 pages

Ibsen: The Man and His Work by Edward Beyer... Souvenir Press, £5.95, 223 pages

There are three things I have long wanted—short explanations of Einstein's theory of relativity, Schöenberg's theory of 12-tone composition, and Brecht's theory of epic drama...

use of words like "dialectical" even our old friends "formalist" and "epigonal" from the vocabulary of Andrei Aleksandrovich Zhdanov... Brecht's young manhood... Brecht's young manhood...

Fiction

Womb with a view

BY MARTIN SEYMOUR SMITH

Passenger, by Thomas Keneally... Collins, £5.25, 189 pages

Look, Stranger, by Mary Hocking... Chatto and Windus, £5.50, 237 pages

Familiar Passions, by Nina Bawden... Macmillan, £4.50, 160 pages

Tunes for a Small Harmonica by Barbara Wersba... Bodley Head, £3.50, 178 pages

Thomas Keneally, an Australian writer of growing reputation, spent some years training at the Catholic priesthood... Passenger, by Thomas Keneally... Look, Stranger, by Mary Hocking...

trates on facts. Can it be said that he invents anything? He will make all readers think hard... Familiar Passions, by Nina Bawden... Tunes for a Small Harmonica...

Mary Hocking's writing is sharper in this novel than in any of her previous six... Look, Stranger, by Mary Hocking... Familiar Passions, by Nina Bawden...

other books. It is an over-prolonged joke about smoking... Look, Stranger, by Mary Hocking... Familiar Passions, by Nina Bawden...



Thomas Keneally: life before birth

that she can stop smoking and forget Dr. Waingloss... Look, Stranger, by Mary Hocking... Familiar Passions, by Nina Bawden...

Variety of roles

BY PETER RIDDELL

The Uses and Abuses of Economics by Lord Roll... Faber and Faber, £9.75, 293 pages

The theme of the uses and abuses of economics (and inevitably of economists) is especially appropriate for Lord Roll... The Uses and Abuses of Economics by Lord Roll...

Ghote grins again

BY IAN DAVIDSON

Inspector Ghote Draws the Line by H. R. F. Keating... Collins, £4.25, 195 pages

Sir Asif Ibrahim is a retired Indian judge who has been receiving the news of his death... Inspector Ghote Draws the Line by H. R. F. Keating...

ible suspects. The household included an unmarried daughter, who has long been persecuted by her father... Inspector Ghote Draws the Line by H. R. F. Keating...

Wolf pack still strongly in pursuit

BY JEFFREY MEYERS

Down to the Wolves by John Lehmann... Weidenfeld and Nicolson, £8.50, 194 pages

Human of Letters: A Life of Virginia Woolf by Phyllis Cole... Routledge, £7.95, 298 pages

He Knows Virginia Woolf by Roger Poole... Cambridge University Press, £8.95, 256 pages

The appearance of these rather numerous books prompts one to ask "woolfish" to "bullish" or "bearish" to define a reckless speculation that debates the line of existing shares... Down to the Wolves by John Lehmann...

His Penguin New Writing sold 76,000 copies per issue during the War, and his own publishing company was a much more impressive achievement than his verse... Human of Letters: A Life of Virginia Woolf by Phyllis Cole...

Mr. Poole's book suffers from unbearable repetition and excessive quotation... Human of Letters: A Life of Virginia Woolf by Phyllis Cole... He Knows Virginia Woolf by Roger Poole...

language, felt she must starve herself, believed doctors and friends were in conspiracy against her, tried to kill herself three times and finally succeeded... Human of Letters: A Life of Virginia Woolf by Phyllis Cole...

SF in short

BY RAY LARSEN

Best Science Fiction of the Year 7, edited by Terry Carr... Gollancz, £5.50, 355 pages

IQ 83 by Arthur Herzog, Heinemann, £4.95, 287 pages

Prisoners of Power by Arkady and Boris Strugatsky... Gollancz, £5.50, 286 pages

The short story has played a major role in the development of science fiction and many would argue that it is still the vehicle best suited to this particular genre... Best Science Fiction of the Year 7, edited by Terry Carr...

Mr. Poole's book suffers from unbearable repetition and excessive quotation... Prisoners of Power by Arkady and Boris Strugatsky... IQ 83 by Arthur Herzog...

THE GREENLANDER MARK ADLARD 'likely to be a major novelist...' There is a sense of the texture of life itself here - something that one finds very seldom in these days. Martin Seymour-Smith, Financial Times

Once upon a time

I found myself remarkably moved by the requiem for Children's Hour (Radio 4 UK, January 24), compiled most competently by Tom Vernon. Even as a boy I always thought Larry the Lamb tiresome and was never hooked on his interpreter, Uncle Mac. Interesting though to learn something of the real personality of the man, difficult and chippy, from his colleagues. This programme earned its hour of air-time by providing a miniature history of British broadcasting attitudes from 1922, when the children's programme first took to the air, until 1964 when Frank Gillard folded it to public outcry.

we heard from them and others about the roots of reggae, calypso as comment, and the emergence of the modern steel orchestra from its dusty origins. Naturally the evening was much concerned with questions of identity, and with their expression in terms of language. The battle waged here in pre-war days between BBC English and the regional speech takes on an even more acute form in the Caribbean where people may never hear their own dialect used on the media. This one focus for discussion; the other was a reading from the work of three poets who all write in different languages. Nicolas Guillen of Cuba in Spanish, Edward Brathwaite of Barbados in English and Aimé Césaire of Martinique in French, but who are all three concerned to express a common Caribbean identity. It was Césaire who first used the word *negritude* in his *Cahier 'un Retour au Pays Natal*. This was read in Berger's English translation by Cy Grant and we also heard an interview with the poet, now a Deputy to the French Assembly, describing how in his surrealistic youth he stumbled upon the crucial word.

Derek Walcott is a poet (born in St. Lucia in 1930) who also writes stage plays. One of these *Pantomime* was performed during the evening; it revealed a comic approach to the question of identity, and roles between black and white in the post-colonial era, with dazzling theatrical virtuosity. A retired English actor has taken over a small Trinidadian hotel and is preparing for the guests' arrival. He has promised them entertainment at the top of the natural amenities and he proposes to the hotel servant that they shall do a double-act, a kind of satire on the Robinson Crusoe theme in which the roles of Crusoe and Friday are reversed. Walcott exploits this suggestion, trying different hats on his two characters as it were in quick succession, with splendid results. The final, funny reaction to a paradigm of colonial history as well as an exposure of private grief.

Liane Aulkin was the producer: in Robert Lang and Norman Beaton she had the perfect two-man cast to bring out all the subtleties of the writing. The work was first performed at the Little Carib Theatre, Port of Spain, last year and will undoubtedly be seen over the years in many club theatres to which it seems ideally suited.

Pointing in Florence 1600-1700 is a small elegant exhibition, scrupulously researched by Charles McCrquodale and tastefully hung in the Private Rooms of the Royal Academy. Of all the exhibitions which I have seen staged there so far this, without doubt, most becomes the mood of the architecture. The immediate visual effect is that of the rooms of some great 18th century house hung with the spoils of the Grand Tour, when the cult of the artists of selceto Italy was at its apogee. That cult oddly enough rarely extended to Florence, so that the present

ART ROY STRONG

exhibition sheds light for most of us on a little known area of the history of painting. Admittedly the course might have run very differently if, as had been hoped, James P's eldest son had married a Medici princess. As it was only a fabulous gift of bronzes by Giambologna epitomised this still-born artistic alliance. Inevitably, therefore, this is an exhibition for connoisseurs and art historians, for those from Denis Mahon and Ellis Waterhouse onwards who have hitched their academic bandwagon to the revival of the appreciation of the Italian baroque. Such a world is one for a closed taste, mainly because its iconographic make up is so quintessentially un-British. It is definitely not an exhibition for your Aunt Maud unless, that is, she happens to be a trans-vestite. An atmosphere, the paintings fall less into moods of sunshine and shade or even the proverbial "Twilight of the Medici," than into the gloom of melancholia and the darker night that enshrouds unspeakable deeds and even more unspeakable thoughts. Edgar Allan Poe and Ronald Firbank would have loved this exhibition and its religious themes, more than once grateful for the Church of England. Carlo Dolci's Salome is an elegant court lady bearing the severed head of the Baptist, eyes still half open, as though it were a joint to a banquet. His David barely conceals the features and rinelets of a young girl whose determined look and grasp of the bleeding head of Gollath tells all. Pignotti's St. Francis depicts the blood of early



The Queens contribution to the exhibition of Floren tine painting—"Judith with the head of Holofernes," by Cristofano Falloni.

Christian martyrs into a silver vase and, in the secular spiere, Sigismunda contemplates her lover's heart on a dish. In other words, to appreciate this exhibition most visitors will have to begin by setting over the subject matter. And, let me add, this is very well worth doing. Start with the portraits. Jacopa da Empoli's swagging Concio Conci, the evil genius of Marie de Medici, or Sustermann's portrait of a lady, show the enormous vitality of Florentine portraiture beyond the age of Bronzino. Sustermann, who for sixty years depicted the Medici

court in decline, and who was, in his day, a painter of international esteem, has since sunk into obscurity. The mood he evokes is sombre and restrained, elegant and aristocratic but less assertive and pretentious than Rubens or Van Dyck. His sketch, showing the young Grand Duke Ferdinando II flanked by his overpowering mother and grandmother in widow's weeds receiving the allegiance of the senators, reveals the artist's skill in the handling of formal large-scale compositions. The exhibition is thus successful in evoking our

curiosity as to the rest of the work of this artist. Within such a small space, and drawing from British collections alone, the decision to reinstate in public esteem Carlo Dolci as a major painter by devoting a single room to his works has been abundantly justified. Of these his St. Andrew adoring His Cross stands revealed as a really brilliant purchase by Birmingham City Art Gallery in 1962, marvelous in its sumptuous colour and extraordinary in its detail, such as the upturned basket in the foreground. And, if we call

ignore the arrow through her neck, his St. Ursula is a sparkling study of a young girl's head caught against a luminous blue background. The Fitzwilliam Museum's portrait of Sir Thomas Baines gives one an insight into what this artist might have achieved had he worked north of the Alps. Baines sits gravely by humanly at his desk, his eyes lifted from his study of Plato, the whole shrouded in an aura of Saturnian contemplative gloom. How facile this superb portrait makes the vivid likeness by Lely of the sitter's contemporaries in far away Restoration England.

This exhibition recalls the old style ones of the post-war era when scholars could utilise the walls of the Royal Academy with order to bring together what they wished to study from the nooks and crannies of the country-houses of England. In the present economic climate it is just this type of exhibition, with contributions to knowledge without concern for box office, which has become increasingly impossible to mount. The sponsors, Fiat (UK) Ltd. and the Rintona Advertiser, are therefore warmly to be congratulated for supporting knowledge and for not subsidising yet another death, sex and jewels imbued tropical of the unimproved exhibition sponsorship of the vast majority of British firms.

For those who remember and more for those who never knew I pay tribute to Leslie Hurry who died shortly before Christ-

THEATRES THIS WEEK AND NEXT

ICA—The Warp. All ten plays in Ken Campbell's latest extravaganza, played in a 19-hour stint, are reviewed at length in last Monday's page. KINGS HEAD, Upper Street, N.1.—The Striptease Cabaret. Excellent production of Joe Orton's funny, wise piece about a holiday camp. Reviewed Tuesday/Thursday. CITIZENS, Glasgow—Orpheus. Stimulating adaptation of Cocteau's film story in characteristic Citizens manner. Reviewed Wednesday. YOUNG VIC STUDIO—Sherlock Holmes and the Middle of the Royal Regatta. A splendid parody of Conan Doyle, with some jokes about Queen Victoria thrown in. Reviewed Friday.

WEEKEND CHOICE

SATURDAY: A new performance of Handel's famous oratorio sung by the John Alldis Choir, played by the LSO, and conducted by Colin Davis lies at the centre of BBC2. Much of the music is accompanied by pictures of today's world. The third in Alan Bennett's series of six plays on ITV, The Old Crowd, is about an odd, housewarming party and is directed by Lindsay Anderson; his first TV play, Actor/director/researcher extraordinary Kenneth Griffith tells the story of

TV RATINGS

Table with columns for TV programs and their ratings. Includes programs like 'The Two Ronnies', 'The Pink Panther', 'The Secret Invasion', etc.

CHESS SOLUTIONS

Solution to Problem No. 252. White took the knight, and played continued 1. P-N3, P-P3 (Q-R5) 2. Q-R5 ch, K-R2; 3. Q-B3! This fine sacrifice opens the frame, for if 3... Q-B5 ch; 4. Q-R5 or if 3... B-B4; 4. Q-B3 ch; 5. B-Q3 regains the queen.

U.S. TOP TEN (Minimum Ratings)

- 1. Lawrence and Shirley (ABC) 35.2
2. Happy Days (Comedy) (ABC) 34.3
3. The Company (ABC) 34.3

CINEMAS

Table listing cinema listings for various locations including Coliseum, Covent Garden, Dominion, Sadler's Wells, etc.

TV Radio

Indicates programme in black and white

Table listing TV and radio programs including BBC 1, BBC 2, and various news and entertainment shows.

Northern Ireland

5.05-5.15 pm Scoreboard. 5.45-5.50 Northern Ireland News. 12.15 am News and Weather for Northern Ireland.

BBC 2

7.25 am Saturday Cinema: Stars in the Crown, starring John McCrea. 4.30 Play Away. 4.00 One Man and his Dog. 5.05 Network. 5.35 Men of Ideas. 6.30 Cricket: Fifth Test, Australia vs England (highlights). 6.50 Rock Goes to College. 7.30 News and Sport. 7.40 Horizon. 8.40 On the Record. 9.05 A 20th-century Messiah: contemporary performance of Handel's oratorio 'The Messiah'.

LONDON

8.35 am Sesame Street. 9.35 The Monkees. 10.00 The Saturday Morning Show. 11.30 Tarzan. 12.30 pm World of Sport: 12.35 Headline: 1.15 News: 1.20 Athletics. 4.40 Ice Hockey. 2.00 Football: greyhound racing from Harringay. 3.00 International Sports Special from Miami, Florida; Super Bowl Final, between Dallas Cowboys and Pittsburgh Steelers. 3.45 Half-time Soccer Round-up. 4.00 Wrestling: 4.50 Results Service.

5.05 News

5.13 Dick Barton - Special Agent. 5.30 Happy Days. 6.00-6.21. 7.30 Dick Turpin. 8.00 Saturday action - 'The Neptune Factor', starring Ben Gazzara (film made specially for TV).

9.45 News

10.00 By Alan Bennett - 'Six Plays'. 11.10 How to Stay Alive. 11.40 Baretta. 12.40 am Close: Oliver Maguire reads from the Bible with a painting by Michelangelo.

All IBA Regions as London

except at the following times:- 9.10 am Cartoon Time. 9.30 Make It Count. 10.05 The Secret Lives of 2,000 Things. 10.30 Mork and Mindy. 10.00 Feature Film: You Can't Win 'Em All starring John Wayne. 11.30 Star Treatment. 11.40 Pro-Celebrity Snooker. 12.25 am At the End of the Day.

ATV

9.10 pm Play Quiz. 9.30 Make It Count. 10.05 The Secret Lives of 2,000 Things. 10.30 Mork and Mindy. 10.00 Feature Film: You Can't Win 'Em All starring John Wayne. 11.30 Star Treatment. 11.40 Pro-Celebrity Snooker. 12.25 am At the End of the Day.

BORDER

9.00 am Sesame Street. 9.30 pm Mork and Mindy. 7.00 Dick Turpin. 11.30 Star Treatment. 11.40 Pro-Celebrity Snooker. 12.25 am At the End of the Day.

CHANNEL

12.18 pm Puffin's Play (to 5.30-3.21. 6.30 Happy Days. 11.30 George Hamilton IV.

GRAMPIAN

9.00 am Sesame Street. 9.30 pm Sale of the Century, followed by Area

WESTWATER

9.00 am Sesame Street. 9.30 pm Mork and Mindy. 7.00 Dick Turpin. 11.30 Star Treatment. 11.40 Pro-Celebrity Snooker. 12.25 am At the End of the Day.

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THEATRES

Table listing theatre listings for various locations including Phoenix Theatre, Vaudeville, Victoria Palace, etc.

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WORLD PRESS

Financial Times writers in Europe and the U.S. have been looking at the ways in which Britain's current problems are being reported. This is what they found.

Dateline London

BY PAUL BETTS, TERRY DODSWORTH, DAVID SATTER, ADRIAN DICKS AND JUREK MARTIN.

Viewing your own country from abroad often can have a salutary effect. London is the base city for a large number of foreign correspondents and they too have spent the past few weeks struggling with strikes, bad weather, shortages and problems in reaching their offices.

ITALIANS, IN general, tend to regard Britain as a country of bowler hats, gentlemen's clubs and Ascot. And the British as a race of phlegmatic, if at times ridiculous, people with quirky habits and a strange penchant for boiled cabbage and overcooked meat.

For the worldly correspondent of Rome's La Repubblica, Count Paolo Filo Della Torre, compared to the "epic years" of the 1940s, the climate in Britain is one of "resigned demobilisation" with a few pockets of violence.

been much more sober than in the UK itself. Indeed, the French TV and Press have both drawn attention to criticisms of the sense of false hysteria being whipped up by some of the British media.



A German view of the UK: "Hey! where are the eggs?" is the caption. (Streiks: strikes. Wirtschaft: the economy. Gewerkschaften: the unions.) Source: Tz Munchen.

correspondent, Pravda said that it was no accident that many local commentators were comparing Monday's massive one-day strike action with the class battles of 1926.

new categories of the population," Izvestia said. THE mass-circulation daily, "Bild-Zeitung" as usual put it most bluntly: "Someone is always on strike in England."

headedness of a kind the British public knows only too well. West German comment on the present crisis has therefore been perplexed, yet far from unsympathetic. While there is angry disbelief at the risks to innocent people's lives from the public services strike, in particular, the more thoughtful West German publications and television programmes have been concerned to get at the roots of the problem.

towards the end of the scheduled half-hour. There are a number of specific and general reasons for this. The New York Times's heavyweight London Bureau chief, Mr. R. W. Apple, has been seconded to Tehran for the moment; similarly, the Washington Post is in the process of changing correspondents in London. Its outgoing reporter, Mr. Bernard Kossiter, has recently written a book on Britain which was rather complimentary about the working relationship between the Labour Government and the unions, but is presumably distracted by his impending move back to Washington, has only once or twice turned his analytical eye to Britain's difficulties in the last few weeks.

example, which used the Time-Life news service, this week ran quite a sympathetic portrayal of Mr. Moss Evans by Times's London correspondent. Mr. Kossiter wrote a piece from Hull on workers' demands and the response of an affected community that was notably even handed. The wire services, of course, provide much of the bread and butter of both newspaper and television coverage and, for once, they have not hinted at Marxist revolutionaries labouring to upset British democracy. They do come up with the odd one liner—such as the union leader quoted as having said that his men should be paid more for smiling on the job—which denotes underlying prejudice (or maybe just humour), but otherwise, as is their wont, have stuck to the catalogue of facts.

Lucky Germans

THE mass-circulation daily, "Bild-Zeitung" as usual put it most bluntly: "Someone is always on strike in England. The country's economy is being struck to death. Inflation is galloping ahead again, and the number of unemployed too... We can feel solidarity with the people in England, as partners in the European Community. But we are lucky that we don't have British trade unions."

Absent friends

AMERICAN Press and television coverage of Britain's problems has been, at least in comparison with five years ago, relatively perfunctory. Britain has only infrequently made the front pages of the newspapers while the national TV newscasts have generally been tucked away

Serious view

THE FRENCH PRESS is not yet writing of Mr. Callaghan's government, but the serious journals are treating the crisis which faces his administration very seriously indeed. The leader writer in Le Monde, the country's prestige newspaper, says that Mr. Callaghan is faced with a similar problem to the miners' strike which brought down Mr. Heath's government in 1974: the Express magazine talks about a "relapse" for the country; and, more colourfully, Le Nouveau Journal, one of the economic daily papers, says that Mr. Callaghan, a Prime Minister who was supposed to be close to the unions, now gives the impression of a man labouring with both his hands glued up in sticky paper.

Hate wait

THE SOVIET Press is giving full support to Britain's striking workers. Pravda, the Communist Party newspaper, said that the policy of holding down wages is "cracking and collapsing under the pressure of the strikers."

CONCERTS

ROYAL FESTIVAL HALL
VICTOR HOCHHAUSER presents
CONCERTGEBOUW ORCHESTRA
Conductor: BERNARD HAITINK
MONDAY 5 FEBRUARY at 8
Symphony in C BIZET
Jeryx DEBUSSY
Symphony No. 7 in A BEETHOVEN
FRIDAY 9 FEBRUARY at 8
Symphony No. 86 in D HAYDN
Symphony No. 5 in C minor MAHLER
PHILHARMONIA ORCHESTRA
THURSDAY 8 FEBRUARY at 8 p.m.
YEVENGY SVETLANOV
NICOLAI PETROV
SUNDAY 11 FEBRUARY at 3.15 p.m.
Pianoforte recital by
RUDOLF SERKIN
MOZART: Sonata in A, K.331
SCHUBERT: Four Impromptus, D.935
SCHUBERT: Sonata in A, D.959
SATURDAY 17 FEBRUARY at 8 p.m.
BACH CHOIR
SACRED SERVICE Bloch
CHICHESTER PSALMS Bernstein
BELSHAZZAR'S FEAST Walton

QUEEN ELIZABETH HALL
HAROLD HOLT LIMITED presents
FRANZ SCHUBERT
QUARTET
HAYDN: Quartettsatz in C minor (Op. post.)
SCHUBERT: String Quartet in G Op. 77 No. 1
DVOŘAK: String Quartet in A flat, Op. 105
SUNDAY 4 FEBRUARY at 3 p.m.
RAYMOND GUBBAY presents. WEDNESDAY 7 FEB. at 7.45
FINE ARTS CHAMBER ORCHESTRA
Conductor & Soloist JACK ROTHSTEIN
BACH Concerto in D minor for viola & oboe
BRANDENBURG Concerto No. 3
VIVALDI: The Four Seasons
SATURDAY 17 FEBRUARY at 7.45 p.m.
First London recital by the sensational Russian Violinist
EUGENE SARBU
First prize-winner 1978 Carl Flesch Competition
and 1978 Paganini International Competition
Dedicated for gratitudes... Daily Telegraph.
Sonnata in F, Op. 24 ("Spring")... BEETHOVEN
Chaconne from Partita No. 2 in E minor, BWV 1004... BACH
Introduction and Rondo Capriccioso... SAINT-SAENS
and works by Bloch and Rautavaara
with GORDON BACK piano
ROYAL ALBERT HALL
VICTOR HOCHHAUSER presents
TOMORROW AT 7.30
Overture, The Barber of Seville... ROSSINI
Fantasia on Greensleeves... VAUGHAN WILLIAMS
Piano Concerto in A minor... GRIEG
Symphony No. 9 (from the New World)... DVOŘAK
ROYAL PHILHARMONIC ORCHESTRA
ALBERT ROSEN MALCOLM BINNS
TICKETS: 75p, £1.00, £1.50, £2.25, £2.75, £3.25 (01-589 8212) & Agents
SATURDAY 3 FEBRUARY at 7.30 p.m.
Basil Douglas Ltd. presents
BERLIOZ
Grande Messe Des Morts
LONDON SYMPHONY ORCHESTRA
LONDON SYMPHONY CHORUS
ALBERTO REMEDIOS tenor
Conductor: LORIS TJEKNAVORIAN
£5, £4, £3, £2, £1 from Box Office (01-589 8212) & Agents
VICTOR HOCHHAUSER & HAROLD HOLT Ltd. present
SUNDAY 4 FEBRUARY at 7.30
ISAAC STERN
Symphony No. 4 in A ("Italian")... MENDELSSOHN
Romance in F for violin and orchestra... BEETHOVEN
Violin Concerto in D... TCHAIKOVSKY
LONDON SYMPHONY ORCHESTRA
Conductor: MENDI RODAN
TICKETS: 80p, £1.50, £2.25, £2.75, £3.50, £4.50 (01-589 8212) & Agents
RAYMOND GUBBAY presents SATURDAY 10 FEBRUARY at 7.30 p.m.
LONDON CONCERT ORCHESTRA Conductor: MARCUS DODS
LAUREN LIVINGSTONE, JEAN TEMPERLEY, EDMUND BOHAN, JOHN HEDDLE NASH, IAN WALLACE, LONDON CHORALE
Excerpts from THE MIKADO, THE PIRATES OF PENZANCE, H.M.S. PINAREF, THE GONDOLIERS
TICKETS: 75p, £1.00, £1.50, £2.00, £2.25, £2.50, £3.50 from Hall (01-589 8212) & Agents
VICTOR HOCHHAUSER presents SUNDAY 11 FEBRUARY at 7.30
TCHAIKOVSKY
Sleeping Beauty Swan Lake
Piano Concerto No. 1
Marche Slave Capriccio Italien
OVERTURE '1812'—Cannon & Mortar Effects
NEW SYMPHONY ORCHESTRA
BAND OF THE GRANADER GUARDS
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DREAM OF GERONTIUS
Eggar
75th anniversary of first London concert performance
LONDON CHORAL SOCIETY
ALFREDA HODGSON, ANTHONY ROLFE JOHNSON, BRIAN RAYNER COOK
PHILHARMONIA ORCHESTRA
Conductor KENNETH MONTGOMERY
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WIGMORE HALL
Tickets from Wigmore Hall, 38 Wigmore Street, W.1. (01-585 2141) or Keith Frowse and other Agents.
Tonight 27 Jan. 8.00 p.m.
ALAN HACKER clarinet, RICHARD BURNETT trombone, Wigmore Master Concerts, Clarion Con. Apcy J. Gray
Schumann: Fantasistücke Op.73; Beethoven: Les Adieux, Sonata Op.10, No.3; Liszt: Piano Concerto in E-flat major, Op.25, No.2; Liszt: Piano Concerto in A major, Op.25, No.1; Liszt: Piano Concerto in C major, Op.25, No.4; Liszt: Piano Concerto in D major, Op.25, No.5; Liszt: Piano Concerto in G major, Op.25, No.6; Liszt: Piano Concerto in F major, Op.25, No.7; Liszt: Piano Concerto in E-flat major, Op.25, No.8; Liszt: Piano Concerto in C major, Op.25, No.9; Liszt: Piano Concerto in D major, Op.25, No.10; Liszt: Piano Concerto in E-flat major, Op.25, No.11; Liszt: Piano Concerto in F major, Op.25, No.12; Liszt: Piano Concerto in G major, Op.25, No.13; Liszt: Piano Concerto in A major, Op.25, No.14; Liszt: Piano Concerto in B-flat major, Op.25, No.15; Liszt: Piano Concerto in C major, Op.25, No.16; Liszt: Piano Concerto in D major, Op.25, No.17; Liszt: Piano Concerto in E-flat major, Op.25, No.18; Liszt: Piano Concerto in F major, Op.25, No.19; Liszt: Piano Concerto in G major, Op.25, No.20; 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The Budget, the election, and cash limits

By SAMUEL BRITTON and PETER RIDDELL

When bad news is welcome

BOTH IN London and New York in the last day or so, the markets have rallied after bearing news that is on the face of it forbidding.

Of course it is not at all surprising that financial markets should welcome the restatement of sound financial policies.

The monetarism which the City seems to display in episodes like this has been reported quite widely as a naive faith that nothing can go very seriously wrong if the money supply is kept under control.

The exchange rate is relatively firm, so excessive costs are an immediate threat to jobs. Rising costs, and the disinclination caused by strikes, aimed to impose high labour costs, raise the demand from industry for credit.

day an intolerable burden in terms of draining resources out of industry, and taking away all incentive to work.

What to me is extraordinary in this situation is that now Government is shunned by both sides of industry. Like individuals together and mend the fences to keep the Government out of their compound.

This scenario highlights the difference with the U.S.A. where there is a united front against Government involvement as illustrated by the vehement statements of solidarity from both sides of industry when Carter recently announced his voluntary incomes policy.

There is no doubt but that Government interference is to

SPOT BUDGET DAY table with columns for election dates and budget types (A pre-Easter Budget, A post-Easter Budget).

PLANNING A budget is difficult enough in the best of circumstances. This year the normal difficulties are aggravated because the Treasury officials planning the operation still have no firm idea of the date of the Budget.

As we must start somewhere, let us assume that the Government is not defeated on a confidence-type issue before the Scottish Referendum on March 21. Ministers have heard Mr. Callaghan, the Prime Minister, say that he favours "an early election and a short campaign."

There is no similar device available this time and our guess is that Mr. Healey would in a pre-election period try to deal with the charge of conservatism by introducing one of his familiar packages.

The lengthy Budget Speech with a long list of measures and followed by a detailed Finance Bill has become a custom. But it is not necessary as a matter of law and could be drastically curtailed at short notice.



Man with a problem: Mr. Healey



On his right Sir Leo Pliatzky, formerly of the Treasury; on his left Mr. Joel Barnett

four days. There is an infinite number of gradations between a non-controversial care and maintenance measure and the normal full-scale Budget.

Should the next Budget be introduced by a Conservative Government, with Mrs. Thatcher as First Lady of the Treasury, it is likely that she would go for a minimum Budget.

How does the collapse of a 5 per cent pay policy affect the

outlook? The wage bill of central Government, local councils, and public corporations are each about £10bn at present.

The Chancellor in any case has no intention of permitting an increase of cash expenditure of this magnitude. Any rise in the cash limits will not be "equiproportional" to the wages bill.

The Treasury has hitherto seen cash limits which apply to two-thirds of public spending as primarily a tool of financial management and discipline.



Hugh Routledge, Glyn Gwynn, Terry Kirk

limits, on the basis of the 5 per cent pay guideline. This was the Treasury's original intention.

A particular difficulty arises with local authorities since their rate support grant settlement and cash limits have already been agreed on a 5 per cent basis.

The chief disadvantage for the Government of more realistic cash limits is that they would involve giving up even the pretence of a 5 per cent pay policy.

The basic choice is thus between the credibility of cash limits and the theology of pay restraint.

Where does all this leave the Budget? In Mr. Healey's horror projection, public sector spending and revenue were both rising because of giant wage increases.

The amount of revenue that Mr. Healey will have to raise ranges from about £1bn on optimistic assumptions to £3bn on moderately pessimistic ones.

An attempt to lower the Income Tax starting point by a temporary reversal of the statutory indexation of the allowances, together with a decision not to index the other allowances and higher bands, might save nearly £1.5bn.

Why the Government should have got into this mess is another and longer story. Part of it lies in putting too many eggs in the basket marked "Social Contract".

Letters to the Editor

Interference

From the Managing Director, Ore International. Sir,—I submit that one crystal clear point dramatised by the current situation is the utter failure of Government interference in industry, and the extraordinary passivity with which it is accepted.

That interference has been defended (by Governments) on the need to right unfair balances in our society. Like individuals, and indeed other bodies with power. However, they do not know when to stop.

What to me is extraordinary in this situation is that now Government is shunned by both sides of industry. Like individuals together and mend the fences to keep the Government out of their compound.

This scenario highlights the difference with the U.S.A. where there is a united front against Government involvement as illustrated by the vehement statements of solidarity from both sides of industry when Carter recently announced his voluntary incomes policy.

There is no doubt but that Government interference is to

Reforms

From Mr. E. McIver. Sir,—The penultimate paragraph of Viscount Trenchard's (16 January 18) highlights the way ahead and out of the present situation. He states "An opportunity to get a real consensus of the public," the long suffering public.

His letter however fails to give the lead of how to mobilise the public. How does the individual member of the public make his voice heard? The sheer volume of public opinion will force reforms on the unions who at the moment run the country by bullying and terrorist tactics.

Fair and just reform must materialise now because there are many anomalies in salaries and wages. Some type of job evaluation relative board must take the place of mad strikes and picketing.

As a constant traveller I reiterate "Heathrow is hopelessly inadequate." More often than not baggage takes longer to arrive at the terminal than the

time taken to fly from many European cities. By comparison, at Zurich airport the luggage is already arriving when one reaches the terminal.

Differentiation

From Margaret Allen. Sir,—In the case of permanent health insurance Baroness Lockwood is more likely to be correct in using the word "discrimination" on the question of higher premiums charged to women than Monica Allanach (Jan. 23) who prefers "differentiation."

These higher premiums are based on the view that women have more long-term illness than men. Such evidence as is available, however, does not support this view.

It would seem then in the light of available evidence that women are being unfairly treated. This is "discrimination" not "differentiation."

On the point of Lady Lockwood's "instruction" of the industry, it should be remembered that the Sex Discrimination Act was designed to stop discrimination against either sex and as chairman of the Equal Opportunities Commission it is Lady Lockwood's first duty to see that its provisions are carried out.

Excuse for breaking the law.

Inequality

From Mr. P. Stewart. Sir,—I feel sure that the London Borough of Barnet must be slightly peeved that A. H. Hermann (January 11) credits Miss Miriam Notman with being the sole motivator of a ruling from the House of Lords as to whether or not she could make a claim that she had been unfairly dismissed.

But if the borough has cause to feel peeved, what might Miss Notman and their Lordships have cause to feel at Mr. Hermann's report of the matter being decided. It is perhaps misleading to say that the ruling was "that women over 60 are not automatically barred by statute from claiming compensation for unfair dismissal where the normal retirement age is 65."

Miss Notman may have advanced the cause of women's equality for those of her sex who are employed in jobs where there is a normal retiring age, but her case is just as notable for delineating the areas of legitimate sexual inequality.

MIRIAMS Are they a threat or a promise? Microprocessors and Jobs 28 February London Press Centre

Financial Times Saturday January 27 1979

No time for play in the toy industry

BY DAVID CHURCHILL AND ARNOLD KRANSDORFF

TOYS ARE serious business: despite all Britain's industrial and economic troubles, many thousands of adults will today be much more interested in the relative merits of malleable Muppets, or the latest realism in baby dolls.

The annual toy and hobby fair opening at Earls Court in London this morning is the highlight of the year for the toy makers, whose sales are now some £310m a year. Even the fact that many boats left over from the Boat Show are still in the exhibition halls because of transport disputes has cooled the enthusiasm of the 13,000 toy manufacturers, wholesalers, importers, and retailers who are expected to attend. The fair's organisers, the British Toy Manufacturers Association, are coping with the space shortage by spilling over into the nearby Olympia exhibition complex.

Buoyant mood

Yet few in the trade expect the industry's real problems to be solved quite so easily. The manufacturers had finished Christmas in a buoyant mood, with sales for the year up by almost a fifth, having experienced one of the worst Christmas trading periods ever in 1977.

Because well over half of all toy sales take place in the final quarter of the year—and the bulk of these in the last eight to ten weeks—the importance of a good Christmas to the industry cannot be overstated.

The question that participants in today's fair will, therefore, be asking is what sort of Christmas can the trade expect this year if the economic and industrial situation worsens? Manufacturing decisions have to be taken now on the strength of wholesalers' and retailers' confidence in future demand. The

trade has to decide whether the higher wage awards currently being negotiated will result in increased consumer spending later this year—or whether a sharp rise in inflation will depress it.

The industry is also having to come to terms with the current Price Commission investigation into profit margins in the toy industry as a whole announced just before Christmas because of concern over rises in retail toy prices.

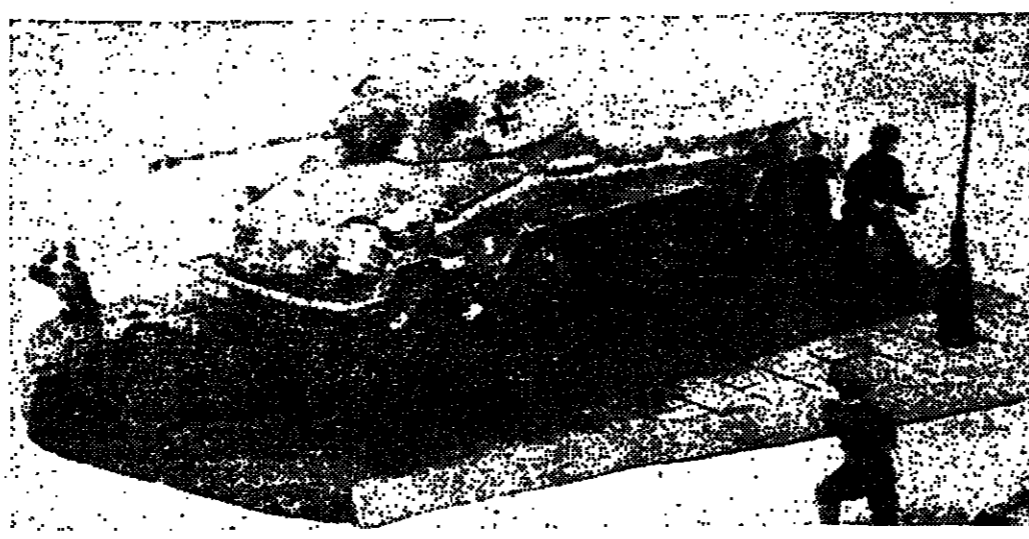
The Price Commission's probe came as a surprise to the industry since there is ostensibly strong competition on technology, product design and marketing. But the Commission is understood to be looking closely at profit margins in the board games side of the industry.

The extent of competition in industry generally is suggested by the fact that although 1978 was a bumper Christmas for the trade, most of Britain's manufacturers with well-known brand names suffered major problems during last year.

Dunbee - Combex - Marx, Britain's largest toy manufacturer, for example, turned in a first half loss of £2.6m, against profits of £700,000 a year earlier. This was mainly attributable to heavy losses by the company's U.S. subsidiary, Louis Marx, where sales are expected to be as much as \$20m below this year's budgeted figure of \$72m.

Another major toy company with an uncomfortable headache is Airfix Industries. 1977 half profits for 1978-79 fell from £1.1m to £0.85m.

Its products include the Meccano and Dinky Toys. Meccano, Airfix has been plagued by production problems while tough competition, especially from Lesney's Match Box series, has hit Dinky sales



Lesney's Matchbox model of Nazi Germany's PK-76 Puma armoured car used at Arnhem—"war toys" are facing a ban by retailers in West Germany.

in spite of a big cash injection to develop both ranges.

Airfix says it is committed to rectifying the problems of both Meccano and Dinky, but clearly the company cannot continue shouldering the burden forever. If losses continue to accumulate, the company could well decide to sell—and if a buyer cannot be found, these brandnames, starting with Meccano, could well disappear from the shelves.

Another brand name currently fighting for survival is Tri-ang Pedigree, which has been in the hands of the Receiver since December, 1977. Workers at the company's Merthyr Tydfil-based premises should know quite soon whether it can be rescued.

The latest crisis at Tri-ang was precipitated last month by the Government's refusal to pour in further financial aid which, since 1975, has totalled

nearly £4m. Following the refusal, the Welsh Development Agency indicated that it was prepared to invest new funds in the company, but only in partnership with a private sector injection of management and capital.

A Canadian-based company, Pioneer Chain Saw, has taken an unexpected interest in Tri-ang's plight and this week senior executives met with the WDA, the Welsh TUC and the workforce's Action Committee.

Elsewhere in the toy sector, John Waddington, the Leeds-based games firm, also suffered a setback in the first half of 1978/79, profits falling from £2.32m to £1.65m. Here, the new Videomaster TV games acquisition has restricted the company's recovery from the profit slump in the second half of the previous year.

At J. W. Spear, profits have also taken a knock, falling from

£1m to £0.7m during the first half of 1978. Here, Spear is having to contend with a declining popularity of educational games.

Demand for Scrabble, a major profit earner for Spear, is also falling off, mainly because of a saturated market and stiff competition from other products.

Elsewhere, disappointing sales of jigsaws has affected the toys division at Kestair, also because of more competitive conditions, while Berwick Timpo's first half 1978 profits slipped from £0.4m to £0.37m, mainly due to retailers' destocking policies during the previous summer.

Some other major toy manufacturers have shown firm progress, however.

Lesney Products, which has substantial export trade, increased its first half 1978-79 profits by 23 per cent to £2.7m excluding currency gains.

Mettoy improved its profits for the first nine months of 1978 from £1.25m to £1.58m while the toys division of Cowan de Groot, which sells mainly imports, helped to raise group profits from £0.85m to £1m for the first half to October 31, 1978.

The manufacturers' problems of the past few years have been to a certain extent exacerbated by rapid changes in the retail end of the trade. The traditional specialist toy shop has been consistently forced out of business by general increases in costs as well as big new aggressive competition from High Street multiples and supermarkets.

While the specialist toy shop has traditionally provided a year-round outlet for toy sales, the multiples and supermarkets are really interested in selling toys only in the peak sales period just before Christmas. Tesco, for example, sells about 90 per cent of its considerable toy stocks in the last quarter of the year.

While the manufacturers are attracted by the large orders from the multiples and supermarkets, their concentration into the last quarter of the year further intensifies the volatile seasonal nature of the industry. In addition, the manufacturers are only too aware of the pitfalls of concentrating on large store sales. Extra discounts which the multiples and supermarkets expect for big orders can squeeze manufacturers' gross profit margins.

The main response by manufacturers to a seasonal concentration of UK sales has been to develop exports.

Overseas trade has always been a large factor in the UK toy industry. In 1977 exports amounted to around £90m (or 34 per cent of production) while imports totalled £71m.

Final figures are not yet available, but 1978 is expected

to have shown a steady increase in exports. This year, the toy fair's organisers are worried that exports might suffer because many overseas buyers have cancelled their trips to London as a result of the current industrial troubles.

In 1977, EEC demand accounted for about 47 per cent of total exports with the U.S. taking around 14 per cent and the Commonwealth—previously a major importer—about 13 per cent.

While the EEC still has room for further penetration, perhaps the greatest potential lies with the developing countries. A good example of this is DCM's £25m deal over 10 years with the Republic of China in which it is supplying moulds for local production of a variety of toys.

Nazi insignia

Another development with which the industry has had to contend is the decision last November by the West Germany toy retailers association, under pressure from the Justice Ministry to recommend a ban on the sale of war toys. In 1977, West Germany imported more than £12m worth of British toys, many of them so-called war toys.

The ban, the full effects of which have yet to be gauged, followed a campaign in West Germany to remove such emblems as Nazi insignia from all toys. The UK manufacturers of plastic construction kits and die-cast toys have been most affected—they include Lesney, Airfix, Mettoy and Britains.

Hong Kong continues to be the largest single external source of toys, accounting for about 35 per cent of total imports. Quality is high and prices very competitive, particularly model railways. This is a sector of the trade currently experiencing

a revival of interest and British manufacturers will have to fight to hold on to market share.

In contrast, however, UK manufacturers have been steadily eating into the market share of imported dolls and soft toys. In 1977 dolls accounted for under 20 per cent of all toys imports, compared with 23 per cent in 1974. While the relative decline in the value of sterling has played its part, many UK manufacturers have improved their ranges.

Although new technology, product changes, fashion "fads," and character merchandising are all relevant factors determining demand, the really major influences are the size and structure of the child population and consumer spending power.

Unfortunately for the toy industry, the UK child population has declined steadily for some years and the impact of a falling birth rate is likely to be felt for a number of years to come. There are signs, however, that the birth-rate may rise again in the mid-1980's, although such longer-term projections are of little value to the toy trade at present.

While in the longer term spending on toys has remained buoyant—and has actually grown faster than general household expenditure—it is the short term reactions of consumers to changes in disposable income that are of more immediate importance to the industry.

But from past experience, the trade takes some comfort in its belief that, when family cut-backs are needed, it is often consumer durables and luxury items such as holidays that suffer most in children, toys do, after all, have quite a vocal lobby.

Weekend Brief

Wheeling West

Professor Joachim Zahn, chief executive of Daimler-Benz, can aptly be described as a man of contradictions. A man noted for his diplomatic talents, he is also known as a masterly decision maker; a figure who heads one of the most successful companies in an industry where engineers usually reign supreme; born of solid Prussian stock, he is the chief of a group based in Swabia—a place not notably respectful of the traditional Prussian virtues of discipline and order.

The group, over which he presides, is a symbol of West German personal and corporate success. A Mercedes car—whether the executive's limousine or the grocer's more modest 230 saloon—is, perhaps, the businessman's ultimate accolade. Daimler-Benz's sales, profits record and reputation for excellence make it the shining example of the Federal Republic's industrial might.

Daimler-Benz this week took a further step down the road to multinationalism with the announcement that it is to assemble a range of its diesel-powered trucks in the U.S. with production scheduled to start next year. While it is undoubtedly coincidence that the news should come in the week that Professor Zahn celebrates his 65th birthday, the decision exemplified the pragmatic analytical approach that he has brought to the group.

The youngest of four brilliant brothers—each of whom rose to head leading German companies—Joachim Zahn's arrival at Daimler-Benz was scarcely orthodox. His background was accountancy, and before his appointment as Daimler-Benz's finance chief late in 1958 he had built up a formidable reputation first as a financial advisor to German industry during the crucial years of post-war reconstruction and then as a "company doctor" turning round the ailing Aschaffenburg Zellstoffwerke in a scarce three years.

Zahn's work at Aschaffenburg Zellstoff attracted the attention of Herr Hermann ABS, the grand old man of German banking, who at that time was chief executive of the Deutsche Bank and chairman of the supervisory board of Daimler-Benz, in which the bank then held 25 per cent. Zahn not only had to adjust to a new industry—I found myself the boss of people to whom I had previously been an advisor—but also to a new chief executive, appointed less than a year after he had joined the executive board.

Just before he arrived at Daimler-Benz, the group had acquired 84 per cent of the mass car maker auto-union, then a recovery prospect. Zahn was largely responsible for steering the group away from the morass of mass-motor production, although he prudently acquired the outstanding 16 per cent before selling out—on favourable terms—on Volkswagen.

Under his leadership (he was appointed chairman of the supervisory board in 1965 and chairman in 1971) the concern has gone from strength to strength. Sales now easily top the DM 25bn (\$13.5bn) mark,

and output has more than doubled since 1965 compared with an industry average of about 35 per cent growth during the period. Profits have been enviable and, despite a damaging strike, 1978's net will at the very least equal 1978's net of DM 1.45m, up from the previous year's DM 92m.

Professor Zahn's persuasiveness and foresight are credited with keeping the concern out of a crash investment programme aimed at increasing the concern's truck making capacity to nearly 230,000 units. This was a wise move as, although growth had been fast, demand has, for the time being, consolidated around the 180,000 units a year level.

At the same time, he gave priority to the group's motor cars, but, again, resisted massive expansion of capacity—a policy which paid off during the 1974-75 recession when the group lived on its fat order book and profits hardly dipped where other makers suffered severe reverses. Today, customers can wait for up to four years for delivery of the more popular models and, while capacity is steadily expanded, there is no rush for growth.

Looking back

Television has been making history in Germany this week. The American "Holocaust" series not only managed to break several of the standing records for audience ratings, far more important, it provided the nearest thing that can probably be devised to a live national debate on the most shameful chapter of the German past.

At the end of each of the four episodes in which "Holocaust" was transmitted here, viewers had the opportunity to phone in comments and questions to the erstwhile Rundfunk studio in Garmisch. There to answer them, and to fill in some of the inevitable gaps, was a varying panel of historians, psychiatrists and other scholarly experts on the Third Reich among them several people who had themselves survived the concentration camps.

Why did it take an American organisation to produce "Holocaust"? Why had no German television network ever attempted the task? Who really knew at the time about the extermination of the Jews, the gypsies and other minorities? How could the Nazis have kept it all secret? Did it all really happen?

The questions may have seemed obvious, and many were as unanswerable—even for the assembled experts—as they seemed straightforward. Yet the experience of millions of individuals have somehow never before added up to common knowledge among the post-war generation. The grim facts were heard by millions of people, it would seem for the first time this week. It does not seem too much to predict that "Holocaust" will have changed millions of Germans' lives.

WDR has reported that about two-thirds of the ten of thousands of telephone calls, letters and telegrams up to Friday (the morning of the final instalment) were broadly "positive," though a good many in this early-rising country grumbled that nine in the evening was too late to begin a programme that, with the nightly discussion afterwards, has gone on until the small hours. And it seemed that the network's rather hesitant decision to put "Holocaust" onto the highbrow



Zahn: pragmatic profits

third channel was probably a mistake. Not only did the 13m average viewing figure, 36 per cent of the total TV audience, allow the third channel to top the other two for the first time ever, it reached numbers only ever measured before for major sports events.

What about the other one-third? The TV people say most of them were of the kind who argue "it's time to bury the whole thing"—though that was a sentiment expressed increasingly rarely as the week progressed. Only a very few grotesque calls came in from the Hitler-was-right kind, while police kept an eye on transmitters and studios to prevent any repetition of the two bomb explosions that caused minor damage last week.

Ugly, horrifying and painful though "Holocaust" has been for Germans, the country has seemed almost relieved that the unspoken is finally being discussed, passionately and openly, across millions of family tables. Dr. Margarete Mitscherlich, a psychoanalyst among the panel members who has written extensively on the Nazi era, has urged older Germans in particular to recall and confront their own emotions about the Jewish persecution. This is just what nearly the entire country, perhaps for the first time, has been trying to do.

Record income

This week K-Tel International released Second Movement, an album of rock classics, like the Who's Pinball Wizard and David Bowie's Space Oddity. If the songs sound more heavily orchestrated than in their original versions then so they should—they feature a hundred members of the London Symphony Orchestra playing for their lives.

This is the second time that the LSO has produced an album for K-Tel. The first, Classic Rock, sold over 550,000 copies in six months and is still selling. It has grossed £1m in the UK alone, making it a platinum disc; hence Second Movement. The attraction for the LSO is that not only are K-Tel making some money, and also Claude

Hopper, the production company that arranged the deal and financed the recording, but so are the LSO. For every current practice in the world of classical recordings the orchestra is actually receiving a royalty on every copy sold, in addition to its recording fee, and this should boost the always delicate finances of the orchestra by up to £40,000.

The LSO became royalty conscious after the success of the Star Wars album. At the time the offer to provide the musical soundtrack for this rather speculative movie—a matter of 14 recording sessions at around £2,000 a session—seemed good business; the big four London orchestras depend on such work for their livelihood.

—It concerts they promote at the Royal Festival Hall and elsewhere invariably lose money.

But when the Star Wars album proceeded to sell over 2m copies world-wide the LSO naturally felt rather cheapened. In the pop world the recording artist makes his money from his royalty, and the bigger the percentage, the higher the performer. The LSO began to see itself as quite a big performer, and when the Superman movie recording came along a very small royalty element was written into the contract. Now with the possibility of two successful K-Tel recordings a year bringing in the royalties the orchestra is feeling more commercially confident. Indeed, when the recording sessions for Superman were postponed last year because of delays in making the movie the orchestra filled in the empty days recording some popular Strauss waltzes, then hawking the tape around the record companies, and finally doing a deal with WEA.

Michael Kaye, the managing director of the LSO, is at all embarrassed by this entry into the pop world. On the musical side the orchestra's members have a say in the arrangements and on the cash side there could be no LSO without such work.

Contributors:
Guy Hawtin,
Adrian Dicks,
Antony Thorncroft.

Economic Diary

MONDAY—Prime Minister meeting Trades Union Congress general council to discuss free collective bargaining and the Government's use of wage controls in moves to present united front to electorate. Second reading in House of Commons of Price Commission (Amendment) Bill.

Meeting of TUC employment policy and organisation committee to discuss industrial relations and a new picketing code. Mr. Edward Heath, MP, at Newspaper Press Fund luncheon, City Chambers, Glasgow.

TUESDAY—Prime Minister at Evening Standard Drama Awards luncheon, Savoy Hotel, W.C.2. Commons second reading of Countrywide Bill. Confederation of British Industry industrial trends survey for January. British Institute of Management working party report on industry, education and management. Local Authorities national joint council pay talks, County Hall, London. Financial Times two-day conference opens on Business in the Gulf, Grosvenor House, Park Lane, W.1. Mr. Anthony Wedgwood Benn, Secretary for Energy, to open Institution of Electrical Engineers, international conference on Future Energy Concepts, Savoy Place, W.C.2.

WEDNESDAY—Prices Commission (Amendment) Bill committee and remaining stages in Commons.

THURSDAY—National Union of Mineworkers executive meets to consider formal offer by National Coal Board on pay, to be followed by further talks with the Board. Commons motion to appoint the Joint Committee on Special Commission on Oil Sanctions. National Coal Board increases price of Phosphate,

the premium solid fuel, by £3 a tonne to coal merchants. Cheap fares for flights between UK and Australia by British Airways and Qantas comes into effect. Revised standard for "star" petrol grades to be introduced by British Standards Institute.

FRIDAY—UK official reserves (January). Capital issues and redemptions (January).

SATURDAY—Prime Minister is opening speaker at two-day Labour Party Local Government Conference, City Hall, Newcastle—main speaker on second day is Mr. David Ennals, Secretary for Social Services.

Every High Street bears the signs of Japan's success as an exporter, and demonstrates the growing economic strength of the whole Pacific region.

The wise investor will wish to make sure of a share in such obvious prosperity. The new Japan and Pacific Unit Trust from Midland Drayton concentrates all its investment in the Far East with the sole aim of capital growth.

Hong Kong because of its position as a gateway for Western trade with China, and Singapore as the gateway to its neighbouring giant, Indonesia.

And with the addition of Australia and Malaysia, the trust will also be able to invest in companies producing a variety of precious metals and other valuable raw materials.

The investment managers are Drayton Montagu Portfolio Management Limited, who have specialised in Far Eastern securities for many years and have wide experience of investment trust, unit trust, pension fund and other portfolios.

The Managers are confident that the long term trend of Far Eastern equities will be upwards, but investors should be prepared to invest for a period of some years.

At the offer price of 54.7p on 25th January 1979, the estimated gross yield was 8.94% p.a.

The price of units and the income from them can go down as well as up.

The Japanese miracle

During the twenty years to 1970 the Japanese economy grew to be the second largest in the free world in terms of output, exceeded only by that of the USA. Now recovering strongly from the inflationary recession of 1973-74, it is quite conceivable that over the next two decades the output of the Japanese economy may equal that of the USA.

Productivity per man-hour worked in Japan has doubled in a decade, and the country's share of world trade has risen year by year. These achievements have been reflected in a rise of almost 400% in the Tokyo stock market in the last 15 years.

The Managers believe that prospects for further growth are good, and have initially committed over 80% of the fund to Japan.

How to invest

You can purchase units in the new Japan and Pacific Unit Trust for any amount from £500 upwards.

Just fill in the application form and send it to the address shown, or hand it in at any branch of Midland Bank, Clydesdale Bank or Northern Bank. A contract note will be issued and you will receive a unit certificate within 42 days.

Units can also be bought through our Savings Plans from £10 a month upwards and through our Share Exchange Scheme. For details, tick the box in the coupon.

The resources of the Pacific

Japan's position as the most advanced nation in a fast developing region enhances the prospects for continuing growth in its trade.

Similar considerations should benefit the two trading centres of Hong Kong and Singapore, which also feature in the portfolio.

Prospects

The investment managers are Drayton Montagu Portfolio Management Limited, who have specialised in Far Eastern securities for many years and have wide experience of investment trust, unit trust, pension fund and other portfolios.

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The price of units and the income from them can go down as well as up.

Application Form: If you choose this, you receive income out of bank price less price paid, on 25th and 26th October 1979. The first distribution will be made on 15th October 1979. Accumulation Units: If you choose these, net income is retained.

Units are issued to all multiples.

Transfer and Selling: A contract note will be issued on receipt of the application form and you will receive a unit certificate within 42 days of receipt of your funds. Units can be bought at any time at the ruling bid price, in which case a cheque will be sent to you within a few days of receiving your remittance certificate. Prices and yields are published daily in leading newspapers.

Charge: An initial service charge of 3% is included in the offer price of units. An annual service charge of 1% is included in the offer price of units. The Trust Fund is guaranteed by the Trust's assets. Commission of 1% will be paid to the Trust's agents.

Investment: The Managers are Drayton Montagu Portfolio Management Limited, a subsidiary of Midland Bank Group. Investment Managers: Drayton Montagu Portfolio Management Limited, 100, The Quadrant, London W1. Registered: Clydesdale Bank Limited, Trustees: Royal Exchange Assurance.

This offer is not open to residents of the Republic of Ireland.

For Midland Bank Group Unit Trust Managers Limited, Courtyard House, Silver Street, Leeds, LS2 4LZ. Tel. 0143 7842.

Reg. Office 27/28 Poultry, London EC2P 2BX. Tel. 0143 7842.

I/we enclose a cheque payable to you for: (initials) £500

For investment in Distribution Units Accumulation Units (tick which)

Midland Drayton Japan and Pacific Unit Trust, at the price ruling on the day you receive this order.

(For your guidance, the offer price of Distribution Units and Accumulation Units on Thursday, 25th January, 1979 was 54.7p.)

Surname (Mr., Mrs., Miss) _____
 Post address in full _____
 Address _____

 Postcode _____ Date _____ FT47

I/we declare that I/we and/or not resident outside the Scheduled Territories and that I/we are not acquiring the units on the nomination of another person. If you are unable to make this declaration, please tick the appropriate box in the Declaration section of the Unit Certificate.

Signature _____
 (In the case of joint applications, all must sign)

Please send me details of your Savings Plan and Share Exchange Scheme (tick if this applies)

Midland Drayton Japan and Pacific Unit Trust
A MIDLAND BANK GROUP UNIT TRUST

UK COMPANY NEWS

Companies and Markets

John Brown pushes up target to record £28m.

AGAINST last November's estimate of not less than £25m profit for the current year...

UK machine tool companies are still having a very difficult time indeed worse than expected...

Craven Tasker is expected to realise the promise it showed last year and again to produce excellent results...



Mr. J. R. Mayhew-Sanders, chairman and chief executive of John Brown.

In his interim report, Mr. J. R. Mayhew-Sanders, chairman says John Brown Engineering...

John Brown Engineering (Clydebank) will probably ship to customers this year only about two-thirds of last year's record...

Of the other principal companies, Markham and Company and, in Canada, Firth Brown Stainless...

DIVIDENDS ANNOUNCED

Table with columns: Company, Current payment, Date, Corrected payment, Total year, Total year.

Poor timber operation results hit Burt Boulton at mid term

DUE to a loss incurred by the softwood section of the timber business and a lower contribution from the timber buildings company...

leaving the attributable balance at £108,100 (£273,300). The net interim dividend is maintained at 3.5p...

holders by £45,400 to £413,000. comment Burt Boulton's first-half results look very unpropitious indeed...

MINING NEWS

GFSA lifts interim to 70 cents

IN LINE with the rising tide of gold mining dividends the Consolidated Gold Fields group's 46 per cent-owned Gold Fields of South Africa announces an advance in net profits for the half-year to December 31...

R6m in the past half year. Against a background of continuing firmness in the gold price GFSA is set for an even better second half.

J. Dyson first half decline

FOR the six months to September 30, 1978, J. and J. Dyson manufacturer of refractory masonry and articulated trailers etc., reports a decline in pre-tax profits from £1.37m to £1.12m...

Applications from shareholders of Stenhouse Holdings have been accepted under the arrangements for preferential consideration set out in the offer for sale in respect of 998,946 shares on the basis of six shares in Caledonian for every 100 shares held by the applicants in Stenhouse.

ing a London Stock Exchange listing for its shares. Approval is expected on February 23 for a listing on February 27.

Hallite dives to £0.12m as sales volume falls

TAXABLE profits of Hallite Holdings dived from £432,189 to £15,991 in the half-year to October 28, 1978, and Mr. H. H. Harmer, chairman, says the results for the full year will be substantially lower than the record £1.01m made in 1977-78.

a low level but continued progress is anticipated overseas, says the chairman. The interim dividend is held at 2.15p net per 50p share, but after tax of 50p, against £224,738, earnings per share are well down at 2.41p per share, compared with 9.03p.

Caledonian allotments

The offer for sale of 10m shares in Caledonian Holdings at 85p per share was oversubscribed by 2.1 times, says Grossart, the issuing house.

SCHLESINGER Schlesinger Gift Fund is seeking

Cardinal Investment Trust has repaid its unsecured loan of £1m and General Investors and Trustees has repaid £1.5m. Both loans were from Manufacturers Hanover Trust.

Results due next week

THE MAIN features on next week's Stock Exchange list are full-year results from BAT Industries, Trust Houses Forte and Lloyds with interim results from Guinness Peat and Decca.

solidation of its stake in House of Fraser and SUITs, and improved profits from Ashanti, which has benefited from an overvalued price of gold. Also, the Nigerian company will be treated as an associate following the reduction in Lorrha's stake from 10 to 9 per cent.

one or two brokers are expecting as much as £57m to £58m. All interim dividends are expected to be well below occupancy rates in London have been particularly good while the interim tariff increase should provide an important boost.

Linford and another good year from International Projects Ltd. The group's 1978 interim dividend (£7.9m) are thought possible.

Expansion for Bank Leumi (UK)

NET PROFITS of the Bank Leumi (UK), after tax and transfer to inner reserves, rose from £224,370 to £262,352 in the year to December 31, 1978. Total assets advanced from £148.18m to £157.76m.

Table with columns: Company, Dividend, Date, Final, Int. Final, Int.

Table with columns: Company, Dividend, Date, Final, Int. Final, Int.

Table with columns: Company, Dividend, Date, Final, Int. Final, Int.

Table with columns: Company, Dividend, Date, Final, Int. Final, Int.

Table with columns: Company, Dividend, Date, Final, Int. Final, Int.

INTERIM DIVIDENDS

INTERIM DIVIDENDS

INTERIM DIVIDENDS

INTERIM DIVIDENDS

INTERIM DIVIDENDS

BIDS AND DEALS

Attock and Cambridge fail to agree and call off merger

Merger talks between Attock Petroleum, the investment holding company, and Cambridge Petroleum Royalties have ended in failure yesterday.

the market price before the bid was announced. Tun Tan Siew Sin asks when the share price could be expected to reach this level again if the bid is rejected.

It is intended that cheques for the consideration of 40p for each scheme share will be sent to shareholders on February 1.

WIMPEY SCHEME

The scheme of arrangement whereby all the ordinary shares in George Wimpey and Co. are acquired by George Wimpey in exchange for an equal number of ordinary shares in George Wimpey has become effective.

ALEX. ROWDEN IN AUSTRALIA

The directors of ALEXANDER HOWDEN GROUP and Harlock and Galli Pty. announce that a merger with an Australian company has been agreed subject to any Governmental permissions which may be required.

STEELTYL MERGES CANADIAN INTERESTS

A merger of Steeltyl Company's Canadian interests has taken place. Steeltyl of Canada (Holdings) has amalgamated with Steeltyl Industries to form a new company, also named Steeltyl Industries.

SIME DODGES ASSET VALUE

Sime Darby (Holdings) yesterday sent GUTHRIE shareholders a notably short offer document. Sime adds little to the argument which it has previously voiced and does not go into the vexed question of the asset value of Guthrie's plantations.

THOMSON-E. C. (HOLDINGS)

The scheme of arrangement involving the acquisition by the Thomson Organisation of the ordinary shares not already owned in E.C. (Holdings) has been sanctioned by the High Court.

TILLING GROUP

William R. Selwood has formed a new company, American Liner Corporation, to market its Giraffe range of materials handling equipment in North America.

Babcock to boost N. American link with takeover in Canada

Babcock and Wilcox is aiming to strengthen its North American construction equipment business with an established dealer network in Canada and the U.S.

Asphalt pavers and attachments. An acquisition would provide a major cash acquisition of a family-owned Canadian manufacturer.

On January 22, E. B. Savory, MBE, sold on behalf of M and G Island Fund 50,000 Armitage Shanks ordinary at 83p.

ICFC STAKE IN PARK PLACE INVESTMENTS

ICFC has exercised its option to subscribe for 500,000 ordinary shares of Park Place Investments, representing 9.6 per cent of the enlarged capital.

ASSOCIATES DEALS

On January 23, Astaire bought 347,500 Guthrie Corporation ordinary at 42p on behalf of Sime Darby Holdings.

LEISURE CARAVAN

Acceptances of the Rank Organisation offer for Leisure Caravan Parks have been received in respect of 36,082,582 shares (83.6 per cent). The offer is fully unconditional and remains open.

Rowntree increases ABM stake

Rowntree Mackintosh has strengthened its links with Associated Biscuit Manufacturers by the acquisition of a 2.4m parcel of shares—lifting its stake in ABM from 14.5 per cent to 18.5 per cent.

beneficial interest and 50,000 from his own non-beneficial interest on January 19.

445,555 (4.69 per cent). Allied Breweries—A. K. Bergius, director, has sold 125,000 shares from beneficial interests.

SHARE STAKES

Broadstone Investment Trust—Eagle Star Insurance now holds 35,000 3.5 per cent cumulative preference shares (5.03 per cent).

English Association of American Bond and Shareholders—Seapay Commodities has recently disposed of 52,698 shares reducing holding to 53,849 (12.7 per cent).

DUNLOP Dunlop Holdings has paid the final part of the consideration in respect of its acquisition of Rice Trailers, amounting to £118,000. It has been satisfied by the allotment of 188,410 ordinary shares.

W. Alexander forecasts profit rise

Announcing pre-tax profits up from £1m to £1.08m in the six months to September 30, 1978, W. Alexander, chairman of Walter Alexander, says that while this increase is not as great as had been anticipated, the group in general performed well in rather more difficult trading conditions.

Turnover was up from £13.15m to £14.61m. In the last full year, pre-tax profits were £2.34m on turnover of £27.9m.

total payment was 2p on pre-tax profits of £202,000. Net asset value per share is 237p (140p).

G. T. Japan

A jump in pre-tax profits from £107,128 to £333,757 is reported by G. T. Japan Investment Trust for the half-year to December 31, 1978.

Throgmorton Trust expands to £3.05m

Pre-tax profits of Throgmorton Trust were up 11.15 per cent from £2.75m to £3.05m for the year to November 30, 1978. Available revenue rose from £2.48m to £2.74m.

M. W. Marshall INVESTMENTS

M. W. Marshall Investments, parent company of M. W. Marshall and Company, International money broker, is changing its name to Mercantile House Holdings as from January 29, 1979.

Wm. Cook well up midway

ON turnover ahead from £1.5m to £2.1m, pre-tax profits William Cook and Sons (Sheffield), steel founder, improved sharply from £12,139 to £113,110 for the six months to September 30, 1978.

After tax of £185,417 (£39,712) earnings per 20p share are shown to have risen from 2.52p to 4.07p and the net interim dividend has effectively risen from 0.666p to 0.7p. Last year's total payment was 1.397p (adjusted) from profits of £548,000.

The directors say that despite the fall in the steel industry, never before has the outlook for the company been so bright. The manufacturing industry as a whole, they say, has been more uncertain than usual and depends on the results of wage negotiations that continue to take place throughout the country and the effect they have on the economy in general, and in particular on the steel industry.

Various capital projects have been completed. A substantial expansion to finishing and despatch areas, is now in use and the three new melting furnaces are operational.

Better year for CGSB

PROFITS of CGSB Holdings, motor engineer and distributor, amounted to £72,021 in the year ended September 30, 1978 against £214,517 (£269,539).

The AGM of the company will be held at Kettering on February 22 at noon.

A statement of sources and application of funds shows a net increase in working capital of £214,517 (£269,539).

The profit is struck after all charges including extraordinary items of £249,499 (£5,990) and tax of £1,412 (£17,213).

Last year, the directors said the second half of the year was encouraging and they anticipated another good year's result. The September 1977 property valuation which showed an excess over book value of £494,576 would be incorporated in the 1977-78 balance sheet.

Earnings per share are shown at 3.9p (3.7p) and a final dividend of 1.15116p lifts the year's total from 1.2428p to 1.59116p.

Good start by Wearra

The current year has started well as Wearra Group, footwear manufacturer and distributor, and unless there is a considerable reduction in consumer spending Mr. A. J. Harris, chairman, expects progress to continue.

As reported on December 14, taxable profits for the year to September 30, 1978 improved by 45 per cent from £308,063 to £460,836.

Although the group's total value of exports in 1978 was less

L & G offers discount

All life policyholders with Legal and General Assurance Society are being offered a special discount on one of the company's main savings plans—cashbuilder, the flexible endowment savings plan.

This offer is being made when the company notifies policyholders on the changes in the method of obtaining tax relief on life assurance premiums. This change has given L & G the opportunity of direct mailing all

its policyholders at the same time. As Mr. Ted Tilly, the life manager, put it, this was a golden opportunity to introduce cashbuilder to policyholders.

The company is offering a 4 per cent reduction on the premiums per unit of benefit. This means that the normal monthly premium before tax relief of £25 will be reduced to £24. In all about 600,000 policyholders are eligible for this offer, including husbands or wives of existing policyholders.

DON'T BE LEFT BEHIND IN 1979

	FT INDEX	ICNL-Naps
1957	+ 7%	+ 38%
1958	+ 34%	+ 54%
1959	+ 20%	+ 112%
1960	+ 1%	+ 34%
1961	+ 1%	+ 34%
1962	+ 6%	+ 3%
1963	+ 14%	+ 38%
1964	+ 12%	+ 10%
1965	+ 4%	+ 22%
1966	+ 11%	+ 22%
1967	+ 24%	+ 42%
1968	+ 29%	+ 58%
1969	+ 20%	+ 4%
1970	+ 16%	+ 22%
1971	+ 37%	+ 38%
1972	+ 5%	+ 74%
1973	+ 32%	+ 16%
1974	+ 52%	+ 27%
1975	+ 131%	+ 300%
1976	+ 4%	+ 8%
1977	+ 35%	+ 72%
1978	+ 3%	+ 6%
AVERAGE	+ 8.3%	+ 38.4%

At the beginning of every year the IC News Letter selects a number of shares generally for capital gain over the following twelve months — its Star Nap Selections.

The table above shows the cumulative 12-month performance of each year's Nap Selections over the last 22 years, including that of the 1978 selections. If you had invested £1,000 in the 1957 Nap Selections and reinvested the proceeds at the end of each year in the new annual selections, your initial £1,000 would now be worth £218,444. (Before gains tax and expenses) against a mere £1,138 if you had invested in the FT Index and £4,440 if you had managed to keep pace with inflation.

In addition to its traditional Nap Selections, the IC News Letter gives regular weekly recommendations. The overall record shows that its recommendations have beaten the index by a wide percentage margin averaging into double figures on an annual basis. The News Letter also has an impressive track record with its general market and selling advice over the years, as supported by the many appreciative letters received from subscribers, and it has extended this to other important investment areas.

The IC News Letter, published every Wednesday, is available on postal subscription only. Use the coupon below to order your subscription now, starting with the 1979 Nap Selections.

Many regular subscribers describe it as their best investment ever.

Send me my name as a subscriber with the 4 January 1979 Nap Selection issue.

Please enclose:

£5.00 for one year (£40.00 annual outside UK) (includes billing binder)

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CLIVE INVESTMENTS LIMITED

Royal Exchange Ave., London EC3V 3LU. Tel: 01-283 1101.

Index Guide as at January 25, 1979 (Base 100 on 14.1.77)

Clive Fixed Interest Portfolio 129.92

Clive Fixed Interest Income 115.15

ALLEN HARVEY & ROSS INVEST. MANAGEMENT LTD.

45 Cornhill, London, EC3V 3PB. Tel: 01-623 6314.

Index Guide as at January 25, 1979

Capital Fixed Interest Portfolio 100.02

Income Fixed Interest Portfolio 97.75

The proven team of investment specialists headed by Mr. Brian Banks, Mr. Jim Nichols, Mr. Eric Farrell and Mr. Roger Porter provides a complete portfolio management service for private and institutional investors.

Please write or telephone: City Gate House, 39/45 Finsbury Square, London EC2A 1PX Telephone: 01-638 9959.

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and mergers

The bids and deals sector attracted a large proportion of Stock Exchange business which was subdued because of the widespread industrial unrest and the disruption of road and rail travel.

Chamberlain Group is the subject of an agreed bid from the U.S. Brown and Sharpe Manufacturing Company. The offer is 65p cash per share with the option to receive the same nominal amount of 10 per cent unsecured loan stock 1982. The American company already holds 20.65 per cent of Chamberlain's shares and the latter's directors and associates have accepted in respect of 31.8 per cent more.

Dufay Bitumatic was surprised on Wednesday by an approach from Camrex Holdings which stated that it has acquired a 29.75 per cent stake in Dufay and intends to make a full offer of 50p cash per share. Camrex's move came two days after Dufay asked the Stock Exchange for a suspension of dealings in its shares and for an investigation into recent share dealings; at the same time, Dufay announced that recent exploratory merger talks had terminated, and Camrex confirmed on Wednesday that it was the party engaged in the talks.

The unwelcome bid from Norcor for Johnson-Richard Tiles has resulted in a recommended get-together by Johnson-Richard and Armitage Shanks via a new company—Johnson Armitage—which would have combined sales of about £100m and generate taxable profits of £11m. Terms for Armitage are seven shares in the new group plus 140p cash for every ten shares now held, while J-R shareholders are to be offered one new share plus 20p cash for each share now held. Unsecured loan stock is to be offered as an alternative to the cash element.

Westminster Property, dealings in which were recently suspended at 26p, is proposing to issue 8m of its 20p shares at par in exchange for Eaglemeor which will result in the latter owning company holding about 51 per cent of WP. Subject to shareholders' approval, there will be no obligation to make a full-scale bid for WP.

Property dealer Mr. John Featherer has bought 26 per cent of the equity of Five Oaks Investments and has stated that he does not rule out the possibility of a full bid.

The consortium comprising Mr. Geoffrey Rose and two American associates, which last year rescued Audiotronics Holdings, has strengthened its position by buying 1.2m Audiotronic shares from three Lasky family directors and has also acquired voting rights to a similar number of shares which are being retained by the Lasky family. The consortium now has voting rights to 10m over 20 per cent of the equity shares and holds just over 1m of the 15m 12 per cent cumulative participating preferred redeemable shares.

Ash Spinning notified an approach from an unnamed source which may lead to an offer.

Peak Investments proposes to sell, for about £650,000, its electronic interests to an Irish concern, Nissa, which is 56 per cent owned by Peak's chairman.

Dealings in Dartmouth were suspended following a bid approach. At the suspension price of 19p, Dartmouth is valued at £2.5m.

A near-7 per cent stake in Gnome Photographic Products has been purchased by Welsh financier Sir Julian Hodge.

The merger discussions between Centreway and George Whitehouse (Engineering) have been terminated, and Centreway is now to acquire, for £737,000, a Whitehouse subsidiary.

Company bid for	Value of bid per share** price**	Market price	Price before bid	Value of bid	Final Acc'd date
Algatec	385*	374	309††	21.01	Merck 6/2
Anglo-Swiss	54†	55	29††	1.40	Armstrong Eq. —
Chamberlain G.P.	65††	62	45	7.97	Brown & Sharpe —
City Hotels	198§§	191	126††	5.88	Camorex —
Dufay	50††	47	36†	3.80	Everedwide 5/2
English Property	37†	47	36†	23.35	Sime Darby 16/2
Guthrie	225†	229	245	122.1	GEL Int'l —
Haggas (John)	207§§	204	181	25.8	Dawson Int'l. 28/1
Jmsn. Richards	135§§	132	109	29.5	Norcoros —
Files	10*	29	12	0.04	Mr. Mostyn —
Kean & Scott	143*	140	112†††	19.9	Levin —
Leisure Caravans	75†	81	72	3.48	Park Org. —
Moos Engineering	68§§	66	54††	2.24	Ferguson Indstl. 12/2
Peagee of Birmingham	80§§§	79	34	13.95	Harrisons & Crossfield —
Sabah Timber	95†	89	62	40.5	Kwkr. Siddy. —
Westinghse. Brake	95†	89	62	40.5	Kwkr. Siddy. —

All cash offer. † Cash alternative. †† Partial bid. ††† For capital in which scheme is expected to become operative. ** Based on 25/1/79. †† At suspension. ††† Estimated. §§ Shares and cash. †† Based on 26/1/79.

Rights Issue

Rank Organisation: One-for-six at 225p.

PRE-TAX profits of R. Smallshaw (Knitwear) were ahead of expectations at the year-end. In the year to September 30, 1978 the group lifted taxable profits from £266,623 to £334,891 on turnover up from £3.74m to £4.4m.

In his interim report the chairman said that despite unfavourable trading conditions he expected profits for the full year to be similar to those of the previous twelve months. Half-time pre-tax profits were ahead from £106,000 to £130,000.

The dividend is raised from 1.5p to 2.5p and a one-for-one scrip is proposed.

Stated earnings per 10p share are up from 10.347p to 12.808p. Retained profits come out at £349,839, against £493,951, after £59,529 was added to the 1978-77 share due to changes in accounting procedures.

Matt. Brown needs price increase

Mr. C. J. Ainscough, chairman of Matthew Brown, told shareholders at the annual meeting that an increase in beer prices was now necessary, and should be implemented in February, 12 months after the last rise.

In the current year beer sales were very marginally up, even though trade in the past four weeks had been depressed by severe weather and shortages of oil and petrol.

He forecast a modest profit increase at the half-way stage, stating that the Board was very confident in the company's long-term prospects.

P. J. CARROLL

The diversity of activities of Dublin-based P. J. Carroll as Cigarette and tobacco manufacturer, pharmaceuticals distribution, print and packaging, and the material investment in the manufacture of tery towelling—has led to a proposal to change the name of the company to Carroll Industries.

SOME SHARES ARE STILL HITTING NEW HIGHS

—and the chances are they have been recommended in EQUITY RESEARCH, the subscription-only investment newsletter.

Finlay Holdings, recommended at 80p in our last issue touched 130p last week—a gain of 48 p.c. in less than two weeks. Bambar Stone, recommended in the previous issue at 107p, hit a high last week of 130p.

A. Kenward, recommended last month at 67p, hit a peak of 84 this week.

For a free issue of our free off-peak £1.70 issue, write to EQUITY RESEARCH (Dept. FT 771), Wardrobe Chambers, 146a, Queen Victoria Street, London, EC4V 3SD.

EUROPEAN OPTIONS EXCHANGE

Series	Vol.	Apr	May	June	July	Aug	Sept	Stock
ARB F.350	1	1	1	1	1	1	1	F.271
ARB F.300	8	7	1	58	—	—	—	F.30,60
AKZ F.30	3	2.60	10	3.70	10	—	—	F.30,60
AKZ F.250	24	1.10	28	1.30	10	—	—	F.30,60
AKZ F.150	15	0.70	15	1.40	10	2.50	—	F.30,60
ARB F.75	1	—	—	—	1	7.50	—	F.40†
ARB F.75,90	2	2.80	—	—	—	—	—	F.40†
CSF F.400	1	—	5	31.20	5	38.70	—	F.40†
CSF F.400	1	—	10	13.70	10	30.30	—	F.40†
GF F.400	1	—	—	—	—	—	—	F.40†
GF F.400	1	—	—	—	—	—	—	F.40†
GM F.50	3	8%	1	1%	2	—	—	F.40†
GOB F.150	11	6.20	10	8.90	6	4.40	—	F.148.50
HO F.55	5	1.50	33	8.90	—	—	—	F.35,30
HO F.57,80	1	0.60	15	1.20	25	2.70	—	F.35,30
HO F.40	1	—	—	—	—	—	—	F.35,30
IBM F.300	1	—	—	—	—	—	—	F.35,30
IBM F.330	2	10%	7	18%	6	24%	—	F.118,10
KLM F.120	12	5.50	19	9	—	—	—	F.118,10
KLM F.120	12	2.50	9	5.90	—	—	—	F.118,10
KLM F.150	10	—	—	—	—	—	—	F.118,10
KLM F.110	10	7	—	—	—	—	—	F.118,10
NN F.110	10	3.20	2	3.80	4	6.30	—	F.24,30
PHI F.150	1	8.50	—	—	—	—	—	F.24,30
PHI F.25	1	86	1.20	65	1.90	—	—	F.24,30
PHI F.27,50	25	0.30	20	0.70	18	0.90	—	F.24,30
PSA F.440	1	—	—	—	—	—	—	F.118,10
PSA F.150	10	4	10	13	—	—	—	F.118,10
UNI F.120	5	1.70	4	8.50	—	—	—	F.118,10
UNI F.130	40	7	8	8.50	—	—	—	F.118,10

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)	Earnings* per share (p)	Dividends* per share (p)
Alexanders Desmt.	Dec. 300†	(2,139)†	—	(—) 16.0 (13.3)
Allied Textiles	Sept. 3,228	(3,828) 26.9	(34.0) 7.24	(6.48)
Bootham Engrs.	Oct. 681	(582) 51.2	(61.7) 5.14	(4.81)
Ballogh	Oct. 4,950	(3,050) 42.4	(23.8) 7.68	(5.6)
Downbrae Hldgs.	Dec. 430	(340) 4.7	(3.8) 2.56	(2.29)
French (T.) & Sons	Sept. 1,220	(1,270)† 14.9	(16.7)† 2.3	(3.19)†
Bank Organ.	Aug. 1,911	(1,231)†	(—) Nil	(2.64)
Hall Bros. S'ship.	Sept. 1,329	(1,708) 24.9	(22.5) 4.96	(3.89)
Lovell (T. J.)	Oct. 123,030	(124,810) 34.4	(33.4) 8.99	(8.04)
Status Discount	Nov. 3,790	(1,710) 41.5	(20.2) 4.48	(4.06)
Tate & Lyle	Sept. 24,600	(43,900) 16.3	(50.5) 10.5	(18.14)
Union Discount	Dec. 1,803†	(6,114)†	(—) 17.68	(15.81)
Watson & Phillip	Oct. 880	(1,180) 5.0	(7.2) 2.71	(2.43)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)	Interim dividends* per share (p)
Allen (W. G.)	Sept.	279	(180) 0.8 (0.72)
Austin (James) S.L.	Sept.	545	(408) 2.5 (2.25)
Bevan (D. F.)	Sept.	151	(70) — (1.35)
Courts (Furnish)	Sept.	2,770	(1,800) 1.71 (1.56)
Cowan de Groot	Oct.	1,070	(882) 0.8 (0.72)
Fitch Lovell	Oct.	4,027	(2,757) 1.3 (1.25)
Imry Property	Sept.	281	(178) 1.2 (0.8)
Incheape	Sept.	23,000	(34,000) 6.5 (6.0)
Lister & Co.	Sept.	805	(388) — (a) (1.0)
Macarthus	Oct.	1,848	(1,474) 1.5 (1.5)
Marston Thompson	Sept.	2,530	(2,180) 0.84 (0.77)
Secs	Oct.	617	(561) 0.74 (0.66)
Smith Bros.	Oct.	252	(704) 1.5 (1.5)
Smith (David)	Oct.	439	(672) 2.0 (1.25)
Wrighton (F.)	Sept.	188	(22) — (—)

(Figures in parentheses are for corresponding period) Dividends shown net except where otherwise stated. * Adjusted for any intervening scrip issue. † Net profit, after provision of rebate, contingency and taxation. ‡ Net profit, after provision of rebate, taxation and making transfer to Inner Reserves. § Not yet declared. ¶ 15 months. †† Including special dividend due to change in tax rate. (a) To be announced at year end. L Loss.

Scrip Issue

Status Discount: Four-for-one.

Countryside cuts gearing

A BIG improvement in net assets and a reduction in gearing which will assist expansion in the year for Countryside Properties, housebuilders, by Mr. S. Bobroff, chairman, in his annual statement.

Commenting on the year to September 30, 1978, Mr. Bobroff says that the company has substantially improved the group's net asset position, and that current liabilities, £6.6m (£7.75m), are significantly less than the previous year.

He adds that the reduction in gearing with corporation tax relief in respect of stock appreciation amounting to £4.7m will further assist expansion.

The chairman says the group continues to place emphasis on residential development, but involvement in commercial and industrial developments is being reviewed and will be expanded as suitable opportunities arise when appropriate.

Mr. Bobroff says that in the past few years Countryside has substantially improved the quality of its developments in terms of better planning and design, as well as higher building standards.

As reported on January 18, the group pushed up pre-tax profit to £505,000 in the year to September 30, 1978, against £493,000 in the previous 12 months, and views the future with "a high degree of optimism."

Net current assets are shown up from £2.13m to £2.61m, and working capital increased by £478,000 (£144,000).

Bank loans and overdrafts (secured) are shown down from £8.04m to £5.48m, and creditors from £1.53m to £985,000.

Spending still high at ECC

REQUIREMENTS for capital expenditure and working capital will remain high at English Clays although price increases will improve the group's cash flow, Lord Aberconway, the chairman says in his annual report.

Accordingly, the directors will be making further drawings on the seven-year £20m facility, already negotiated with a syndicate of banks.

During the past year, funds deployed in capital expenditure on plant and acquisitions and in working capital, together with increased payments for dividends and tax, exceeded funds generated by group activities, the chairman says.

For the year ended September 30, 1978, profits before tax amounted to £24.5m compared with £30.48m from turnover of £234.4m (£203.7m). The quarries division had a splendid year and the building division did well, says the chairman.

Profits on a CCA basis are reduced to £12.3m (£17.7m) after adjustments for depreciation, 89m (same), cost of sales, £3.3m (£3.6m) and gearing, £3.2m (£3.5m).

A robust increase in China clay prices to the paper trade overseas has been applied from January 1, 1979, to offset, though

JAMES SCOTT

JAMES SCOTT ENGINEERING GROUP has resolved to pass the dividends on the 4.55 per cent (first) cumulative preference shares and the 4.55 per cent (second) cumulative preference shares.

The dividends on these shares have been paid in the case of the first preference down to January 31 1978, and in the case of the second down to January 31, 1976.

RESULTS AND ACCOUNTS IN BRIEF

KEYSTONE INVESTMENT—Net asset value as at December 29, December 1978 was 192.1p ordinary shares, £26,225 (£20,253). Tax £5,000 (£5,758). Being a seasonal activity, about 90 per cent of the company's income is earned October to March. For year ending October 31, 1978, the company's earnings are expected to be appreciably below those for 1977-78.

LEA INVESTMENT TRUST—Profit for year to December 31, 1978, £157,021 (£157,021). Tax £21,356 (£17,394) after all charges including tax of £2,591 (£3,710). Earnings per 10p share were £15.70 (£15.70) and dividends £4.5p (0.5p), making 0.65p (0.53p).

VANTAGE SECURITIES—Gross income for year to December 31, 1978 £44,541

WORLD STOCK MARKETS

Early 3.29 rise on Wall St.

INVESTMENT DOLLAR PREMIUM Effective 11.9950 47 1/2% (47 1/2%) FURTHER GAINS were scored in moderately active trading on Wall Street yesterday...

Value Index edged 0.73 to 162.43, making a rise of \$1.39 on the week. CANADA—The rise continued, and Toronto Composite Index was up 1.6 to 1,378.0.

NEW YORK Stock Jan 26 Jan 27 Jan 28 Jan 29 Jan 30 Jan 31. Includes columns for various stock indices and individual stock prices.

Closing prices and market reports were not available for this edition. Marine Midland Bank late Wednesday. A firm dollar also aided sentiment.

Thyssen Rose DM 1.30 despite lower balance sheet profit and dividend cut to DM 4.5. Leading Banks neglected. Motor firms.

THURSDAY'S ACTIVE STOCKS. Table with columns for Stock, Closing price, Change, and Volume.

INDICES. Table showing various stock indices and their performance over time.

CANADA. Table listing Canadian stock prices and indices.

STANDARD AND POORS. Table showing Standard and Poors indices.

MONTECARLO. Table showing Monte Carlo stock prices.

JOHANNESBURG. Table showing Johannesburg stock prices.

F.T. CROSSWORD PUZZLE No. 3882. A prize of £5 will be given to each of the senders of the first three correct solutions.

RACING BY DOMINIC WIGAN. Lord Brownodd a likely long-shot.

GERMANY, PARIS, AUSTRALIA, TOKYO, VIENNA, JOHANNESBURG, AMSTERDAM, COPENHAGEN, SWITZERLAND, BRAZIL, MILAN, OSLO. Various international market reports.

ACROSS 1 Doing army service but not in the Black Watch (4, 3, 7) 10 Fenced as father was in (5) 11 Someone thinking go-between should go round road junction (9) 12 Reach a church one day before (7) 13 Come by car with determination in the air (5, 2) 14 Looks for county (5) 15 Tender politician acquires collection (9) 16 Take down cloak for Pluto (8) 17 Court in which Irish boy wins 1-0 (5) 18 Argue from West Riding point of view (7) 19 Virginia has invited person who is at least clear (7) 20 Article in aide memoir for the rest (9) 21 Result from a pay increase (5) 22 Prickly feeling expected from a housewife (4, 3, 7) DOWN 1 Out-of-works given devilish employment (4, 5) 2 Heated found on border fence (5) 3 Agree through discussion in force (6, 3) 4 Gave up being designated as a stronger player we hear (5)

WINDSOR (Subject to a 7.30 inspection) 1.30—Potshot* 2.00—Fourth Son 2.00—Toparon** 4.00—Ahmadi***

STOCKHOLM, BRUSSELS/LUXEMBOURG, SWITZERLAND, BRAZIL, MILAN, OSLO. Market reports for various international locations.

CROSSWORD PUZZLE SOLUTIONS. A grid with numbers indicating the start of words.

THE GRAND National weights announced on Wednesday are headed by four virtually certain non-runners. Michael Dickinson reports Cheltenham Gold Cup favourite Gay Spartan as 'very, very doubtful for Aintree'...

GERMANY, PARIS, AUSTRALIA, TOKYO, VIENNA, JOHANNESBURG, AMSTERDAM, COPENHAGEN, SWITZERLAND, BRAZIL, MILAN, OSLO. Market reports for various international locations.

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Earnings by Volvo increase 40%

BY WILLIAM DULLFORCE IN STOCKHOLM

AT THE SAME time as Volvo announced the collapse of its plan to sell 40 per cent of the company to Norway the Volvo board yesterday reported a 45 per cent increase in pre-tax earnings to about SKr 675m (\$155m) for 1978.

The SKr 675m profit is struck before extraordinary items and adjustments for currency changes on foreign loans. If these are included the pre-tax figure comes out at SKr 650m compared with SKr 351m in the previous year, to give an earnings growth of 80 per cent.

The parent company shows a net profit of SKr 140m, or SKr 20m less than in 1977, and the Board proposes to pay shareholders an unchanged dividend of SKr 6 a share.

as detailed as usual but it is evident that fourth quarter earnings did not maintain the growth rate recorded in the three previous quarters. Fourth quarter income after net financial charges comes out at SKr 135m, which is exactly the same as for the fourth quarter of 1977.

National Airlines' bid system attacked

By David Buchan in Washington

EASTERN AIRLINES yesterday threatened to withdraw its \$472m bid for National Airlines, unless it is allowed to compete on an equal basis in the bidding battle with Pan Am for the Miami-based National Airlines.

Amdahl computer group puts in counterbid for Comten

BY STEWART FLEMING IN NEW YORK

AMDAHL, the Californian computer company in which Fujitsu of Japan has a 25 per cent stake, is launching a rival bid to the \$125m offer by NCR announced this week for Comten, another data processing concern.

Comten designs, manufactures, markets and services data communications systems and a line of computer performance measurement systems. These systems control and expedite the transmission of data amongst IBM, or IBM compatible mainframe computers and remote terminals linked together in a data communications network and would fit neatly into the Amdahl business.

For the latest nine months, Comten has reported revenues of \$38.3m and earnings of \$3.4m on its 5.3m shares.

Woodside Petroleum plans rights issue

BY JAMES FORTH IN SYDNEY

WOODSIDE PETROLEUM plan to raise A\$40m (U.S.\$45.95m) from a rights issue to shareholders to increase its petroleum exploration programme on the north-west continental shelf of Australia.

at the start of 1979, which would meet the remaining evaluation and planning work and leave a substantial margin.

BIS figures show high early repayment levels

BY MARY CAMPBELL

NEW INFORMATION on the repayment schedules of international bank loans shows that on average about 45 per cent of loans were due for repayment within a year. The data, for June 1978, also shows big variations from country to country.

Brazil (\$8bn), Mexico (\$7.5bn), Venezuela (\$6.4bn), the USSR (\$6bn), Spain (\$4.9bn) and South Africa (\$4bn).

Eastern Airlines' bid system attacked

By David Buchan in Washington

Mr. Frank Borman, the former astronaut and new president of Eastern, said that the proposed bidding procedure which National is contemplating with Pan Am was "rigged" in favour of Pan Am and against Eastern.

FCC ends telegram monopoly

BY OUR NEW YORK CORRESPONDENT

THE FEDERAL Communications Commission has abolished the monopoly which Western Union has enjoyed in the domestic U.S. telegram business since 1943.

Western Union said it welcomed the move provided it was left free to compete with any new entrants. It is also likely to want to expand its business into international markets, currently dominated by only a few carriers including American Telephone and Telegraph, RCA and WUI among the U.S. companies.

WUI has recently announced that it is engaged in merger negotiations with Xerox, the giant copier concern.

The First Viking Commodity Trusts. Commodity OFFER 42.3 Trust BID 40.2. Double OFFER 39.0 Option Trust BID 37.1.

West German steelmaker cuts dividend

BY ADRIAN DICKS IN BONN

THYSSEN, Western Europe's largest steel producer, is proposing a sharply reduced dividend of DM4 per share for the year ended September 30.

approval to last year's accounts, announced a balance-sheet profit of DM 103.9m. This compares with DM142.9m distributed in 1976-77.

also benefited once more from the relatively greater diversification it has been able to carry out in recent years.

Mr. Borman suggested that a bidding procedure which denied National shareholders the opportunity of getting the highest price for their stock could result in legal action by those shareholders against the National directors.

Mr. Borman said National's director were now amending their initial agreement to Pan Am to allow the latter the "right of first refusal".

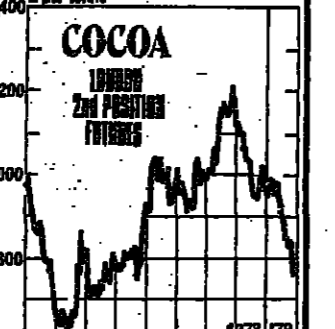
The purchaser is Mr. Dolph Overton, owner and operator of the C and O Development Company, which is described as an international business development company based in Kenly, North Carolina.

Wall Street welcomed the news. Liggett shares leapt by nearly a dollar to \$38.50.

COMMODITIES/Review of the week New peaks in metal markets

BY OUR COMMODITIES STAFF

RECORD PRICES for lead, platinum and silver were reached on the London markets this week. Copper also advanced to new 20-month highs, while tin values rallied strongly.



Cocoa prices continued to decline this week with the May position ending \$89.75 lower at \$1,757.5 a tonne. Nearby values have also fallen over \$450 a tonne in the last two months.

An improvement in West African and Brazilian crop prospects has been the main factor behind the sustained fall and this trend was further encouraged this week by forecasts that the Ghanaian weekly main crop purchase figure will be around 9,500 tonnes.

MARKET REPORTS

BASE METALS

COPPER—Last ground on the London Metal Exchange after around 2830 tonnes of metal fell early following indications of a much smaller decline in warehouse stocks over the week.

AMERICAN MARKETS

PRECIOUS METALS

PRECIOUS METALS—The high on renewed concern about the Iranian political situation and charter buying following historic highs in silver.

WHEAT

BARLEY

WHEAT—The market was quiet in the early morning but rallied on news of a firm report on speculative activity in the wheat market.

SILVER

COPPER

SILVER—Silver was held 0.2p in an ounce higher in spot delivery in London but fell in the market yesterday at 328.2p.

Copper prices declined yesterday following forecasts of warehouse stocks falling by only 5,500 tonnes this week against earlier predictions of a decline by as much as 22,000 tonnes.

Platinum also reached new peaks in sterling terms. The free market climbed to \$191.65 before easing yesterday to \$180.3p an ounce, still \$7.15 higher on the week.

Coffee also lost ground with the March position ending 22p lower at \$135.58 a tonne. Support buying, believed to be on behalf of Central American producers, continued to overshadow underlying bearish considerations.

Lower prices were also encouraged by Brazil's decision not to adjust its coffee export tax to adjust account of Wednesday's 2,500 per cent Cruzeiro devaluation. This is likely to mean a \$1 or \$2 reduction in the Brazilian export price.

COFFEE

SOYABEAN MEAL

COFFEE—The market opened unchanged to slightly higher with good trade selling in the March position gradually pushing prices lower during the morning session.

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WEEKLY PRICE CHANGES

Table with columns for Commodity, Latest price, % change, and High/Low. Includes Wheat, Soyabean Meal, Coffee, etc.

FINANCIAL TIMES

Table with columns for Jan. 26/Jan. 25M, 25M n/m ago, Year ago. Includes 261.84, 263.75, 197.99, 288.98.

DOW JONES

Table with columns for Dow Jones, Jan. 26, Jan. 25, Month Year ago, etc. Includes 373.17, 372.54, 384.71, 347.73.

MOODY'S

Table with columns for Moody's, Jan. 26, Jan. 24, Mth Year ago, etc. Includes 296.61, 296.61, 297.1, 298.5.

REUTERS

Table with columns for Reuters, Jan. 26, Jan. 25, Mth Year ago, etc. Includes 1503.81, 1503.8, 1496.0, 1403.0.

MEAT/VEGETABLES

Table with columns for Meat/Vegetables, Jan. 26, Jan. 25, Mth Year ago, etc. Includes 373.17, 372.54, 384.71, 347.73.

FINANCIAL TRUSTS (65)

Table listing various financial trusts such as Abacus Trusts, Abchurch Lane, and Abchurch Lane, with their respective details and shares.

GAS (5)

Table listing gas-related financial entities like Imperial Continental, London Gas, and others.

INSURANCE (125)

Table listing insurance companies and trusts such as Abchurch Lane, Abchurch Lane, and others.

INVESTMENT TRUSTS (233)

Table listing investment trusts like Aberdeen Trust, Abchurch Lane, and others.

ELECTRIC LIGHT (3)

Table listing electric light companies like British Electric and others.

Table listing various financial trusts and companies including Abchurch Lane, Abchurch Lane, and others.

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LOCAL AUTHORITY BOND TABLE

Table listing local authority bonds with columns for Authority, Annual Interest, Life, and other details.

BUILDING SOCIETY RATES

Table listing building society rates with columns for Deposit rate, Share, Sub'n, and other details.

SPECIAL LIST

Table listing special list securities under various categories like JANUARY 25 (NI), JANUARY 22 (NI), etc.

CURRENCIES, MONEY and GOLD

Text discussing currency exchange rates, money market conditions, and gold prices.

UK MONEY MARKET

Text discussing the UK money market, including bank of England rates and Treasury bill rates.

THE POUND SPOT

Table showing the pound spot market with columns for Jan. 26, Day's Spread, and Close.

LONDON MONEY RATES

Table showing London money rates for various currencies and terms.

EURO-CURRENCY INTEREST RATES

Table showing Euro-currency interest rates for various currencies and terms.

UK CONVERTIBLE STOCKS 26/1/79

Table listing UK convertible stocks with columns for Name and description, Size, Current price, and other details.

EXCHANGES AND BULLION

Text discussing exchange rates and bullion prices, including gold and silver.

GOLD

Table showing gold prices for various types of gold and bullion.

CURRENCY MOVEMENTS

Table showing currency movements for various countries and currencies.

STATISTICS PROVIDED BY STREAM INTERNATIONAL

Table providing statistics for convertible stocks, including income and conversion details.

EXCHANGE CROSS RATES

Table showing exchange cross rates for various currencies.

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Table showing exchange cross rates for various currencies.

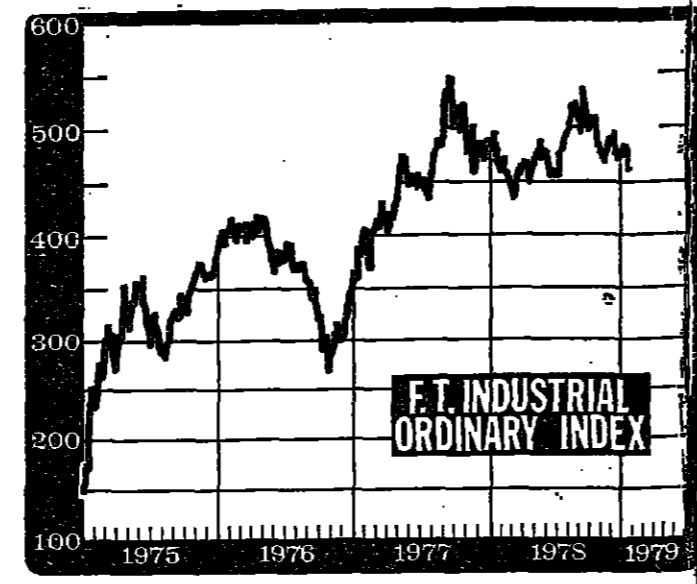
EXCHANGE CROSS RATES

Table showing exchange cross rates for various currencies.

Technical recovery in equities at end of Account but Gilt-edged slip late on new £400m. Variable issue

Account Dealing Dates... First Declara- Last Account... Dealers' expectations that short covering would develop in stock markets yesterday following the overnight progress in the rail dispute and the Chancellor's firm commitment to the Government's monetary policies were a little wide of the mark.

DIY shares wanted... D-I-Y concerns came into their own again on the last day of the Account; Status Discount continued to respond to the record profits and proposed 400 per cent scrip-issue by rising 16 to make an advance on the week of 28 to a 1975 peak of 235p.



Foreign Banks firm... A combination of domestic and investment currency influences helped overseas banks to close firmer for choice. Hongkong and Shanghai added 9 to 297p, while ANZ, 352, and Bank of New South Wales, 265, gained 4 pence.

announced with Wednesday's results. Rank Organisation softened a penny more for a decline on the week of 32 to 244p. Elsewhere, still reflecting an investment recommendation, British Cinematograph Theatres put on 4 for a two-day rise of 9 to 72p.

FINANCIAL TIMES STOCK INDICES table with columns for various indices like Government Secs, Fixed Interest, Industrial, Gold Mines, etc., and rows for different dates from Jan 25 to Jan 26.

HIGHS AND LOWS table showing high and low prices for various stock categories like Govt Secs, Fixed Int, Ind. Ord., Gold Mines, and Gold Min. (Ex-5 p/m).

NEW HIGHS AND LOWS FOR 1978/9 table listing various stocks and their high and low prices for the year.

RISES AND FALLS table showing price changes for various categories like British Funds, Corporations, and Industrial.

ACTIVE STOCKS YESTERDAY table listing individual stocks like Shell Transport, Tate & Lyle, BP, etc., with their closing prices and changes.

ON THE WEEK table showing weekly price changes for various stock categories like BP, Shell Transport, etc.

BASE LENDING RATES table listing interest rates for various banks and financial institutions.

LONDON TRADED OPTIONS table showing option prices for various stocks like BP, Shell, etc., with columns for call and put options.

RECENT ISSUES table listing newly issued stocks and their prices.

FIXED INTEREST STOCKS table listing prices for various fixed interest securities.

"RIGHTS" OFFERS table listing details of rights issues for various companies.

FT-ACTUARIES SHARE INDICES

Large table of FT-Actuaries Share Indices showing various equity groups and sub-sections with their respective indices and price movements.

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Table of financial data for various unit trusts, including columns for fund names, managers, and performance metrics.

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Table of financial data for various unit trusts, including columns for fund names, managers, and performance metrics.

INSURANCE AND PROPERTY BONDS

Table of financial data for insurance and property bonds, including columns for company names and policy details.

Table with 'CORAL INDEX: Close 462.467' and 'INSURANCE BASE RATES' section.

Table with 'CORAL INDEX: Close 462.467' and 'INSURANCE BASE RATES' section.

Table with 'CORAL INDEX: Close 462.467' and 'INSURANCE BASE RATES' section.

NOTES section containing detailed footnotes and explanatory text regarding the data presented in the tables.

INDUSTRIALS—Continued

Table of industrial stocks including companies like British Petroleum, Shell, and ICI, with columns for stock price, dividends, and other financial metrics.

INSURANCE—Continued

Table of insurance companies such as Lloyds, Norwich Union, and Royal Indemnity, listing their stock prices and financial data.

PROPERTY—Continued

Table of property-related investments and trusts, including various real estate and investment vehicles.

INVESTMENT TRUSTS—Cont.

Table of investment trusts such as British American, British Overseas, and others, detailing their performance and share prices.

FINANCE, LAND—Continued

Table of finance and land-related investments, including various funds and trusts.



MINES—Continued

Table of mining stocks, including Australian and Tins, with columns for stock price and dividends.

COPPER

Table of copper-related stocks and commodities.

MISCELLANEOUS

Table of miscellaneous stocks and commodities.

GOLDS EX-\$ PREMIUM

Table of gold prices and premiums.

NOTES

Notes section containing various financial notices, company announcements, and market updates.

REGIONAL MARKETS

Table of regional market data for various countries and regions.

OPTIONS

Table of options and 3-month call rates.

INSURANCE

Small table of insurance-related data.

PROPERTY

Small table of property-related data.

TRUSTS, FINANCE, LAND

Small table of trusts, finance, and land-related data.

FINANCE, LAND

Small table of finance and land-related data.

DIAMOND AND PLATINUM

Small table of diamond and platinum prices.

CENTRAL AFRICAN

Small table of Central African market data.

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GONZALEZ BYASS

MAN OF THE WEEK

Downfall for the Shah

BY ANTHONY McDERMOTT

AYATOLLAH Ruhollah Khomeini, the Iranian religious leader, fits uneasily into any western conception of a political revolutionary. The physical appearance of this man, now in his late seventies, is daunting, though good for the banners which are held aloft in the massive demonstrations in Tehran and throughout Iran.

He looks gloweringly downwards, from under black, tufted eyebrows, the gaunt face lengthened by a long white beard. The contrast between black and white on his face is accentuated by his black turban and robe. And to meet him, is to come to terms with a real presence, even if his pronouncements, affecting a nation of 35m earning some \$20bn a year from oil, are often opaque if not repetitive. His influence over a country some thousands of miles away, is exercised from a bungalow in Neauphle-le-Chateau, just outside Paris, where he has been in



Ayatollah Ruhollah Khomeini Revolution by remote control

exile since October after being forced from his refuge of 15 years in Najaf, Iraq. To outsiders, he seems unbending and implacable, but he has a warmer side for his followers, for whom he is not just a political but also a religious guide.

Ayatollah Khomeini has been an opponent of the Shah for decades—indeed his opposition to the White Revolution of 1963 led to his arrest and subsequent exile in Iraq. Perhaps his only political and clerical equal in modern times has been the late Archbishop Makarios.

But Makarios could not have claimed the ability—from a distance—to bring an economy to near paralysis, bring millions out onto the streets, abating the death of the Shah and clamouring for the Ayatollah's return; and above all, cause the exile of the Shah and the possible ending of 2,500 years of Iranian monarchy.

Inevitably, his role within Iran has become over glorified, and the evilness of the Shah exaggerated. The latter undoubtedly committed grave mistakes. Through SAVAK, opposition and expression to such an extent that Islam, particularly of Shi'ism with its unorthodox branch of Islam with its long tradition of revolt against government, became the sole political outlet. It was, too, the solace for a society undermined and distorted by the Shah's rule—at almost any cost—towards what he termed the "Great Civilisation".

To the same exaggerated degree, Khomeini has become a symbol of salvation. He has played his political cards carefully. He has pressed, first for the Shah's departure, and now aims at the gradual disintegration of the Governmental institutions—the Cabinet of Dr. Shapour Bakhtiar, the parliament, and the Regency Council—belatedly set up under the terms of a constitution which the Shah had been ignoring for years.

Instead, Khomeini has called for the establishment of an Islamic republic, in which he would play a key role behind the scenes. But not for nothing does his home outside Paris have a sign in Persian and French "the Imam has no official spokesman." (The title Imam has both a touch of the Shi'ite concept of the returning messiah as well as the more usual meaning of leader of prayers). For he has kept his long term intentions deliberately obscure.

Whether Ayatollah Khomeini, after conducting a coup by remote control under circumstances unique in the Middle East, and possibly in the world, is able to reunify the country and stave off civil strife remains very much in question.

TUC union control guarantee sought

BY CHRISTIAN TYLER, LABOUR EDITOR

MINISTERS ARE urgently seeking from the TUC undertakings about its authority over individual trade unions, and control over its own members. This appears to be a central issue, together with the future of collective bargaining and the conduct of picketing, in the sudden flurry of TUC-Government meetings called to work out a new agreement before the general election.

Mr. Denis Healey, the Chancellor, Mr. Michael Foot, Leader of the House of Commons, and three other Ministers, unexpectedly attended a special meeting of the TUC's economic committee yesterday, for what was said to be a discussion of "a very broad agenda" for Monday afternoon's visit by the whole TUC general council to 10 Downing Street.

Neither the Ministers nor the union leaders would break the undertakings of secrecy about the meeting, but Mr. Len Murray, TUC general secretary, made it clear afterwards that an agreement would be worked out and that they must now

decide what to cover in the agreement. On the TUC's relations with the unions he said that the Government was entitled to ask "Can the TUC deliver?"

Mr. Murray said that the rush of meetings with Ministers was due to the possibility of an early election, and to the "great difficulties facing the country now."

It is still unclear whether the new TUC-Government meetings represent a reaction to Labour's present political dilemma, or an attempt to map out a whole new batch of policies.

Mr. Murray said that an agreement would be of value to the Government and to the country as a whole. It was being prepared mainly because of the general belief that an election might be in the offing. The country is entitled to know where the relationship is between the TUC and the Government, as one factor in that election.

Secondly, the present difficulties which were masking past

achievements, reflected the lack of an adequate agreement between the Government and TUC.

The TUC was not trying to provide a "knock-down guarantee of electoral victory" for Labour, but something that the Government could refer to when it went to the country.

Mr. Murray spoke of plans for a joint annual review of the economy. This aim is contained in the TUC-Labour Party committee liaison document into the Eighties, and is now being rapidly developed.

Ideas for a new body to deal with the problems of equal treatment for public and private sector wage-earners, are also being aired.

These ideas, taken together with Mr. Murray's comments yesterday, and the urgency and scope of the talks now being held, suggest that the Prime Minister is looking for a concrete set of reforms of pay bargaining and trade union behaviour to present to the public.

Rome Government crisis as Communists pull out

BY RUPERT CORNWELL IN ROME

THE COMMUNISTS withdrew from the Parliamentary majority keeping Italy's minority Christian Democrat administration in office last night, ushering in a crisis likely to topple the present Government and possibly lead to early elections.

The crisis, Italy's 40th since the fall of Fascism, sounds the death knell of the 10-month-old Government of Signor Giulio Andreotti.

Sig. Enrico Berlinguer, the Communist secretary general, told a meeting yesterday of the five parties in the majority—the Communists, the Socialists, the Social Democrats, the Republicans and the Christian Democrats—that his party could no longer give its support.

He again demanded direct Communist participation in the next Government, which the Christian Democrats refused. The outcome of the crisis is

uncertain and might lead to Parliament's being dissolved more than two years before its scheduled end in June, 1981.

Sig. Andreotti will probably hold a final meeting of his Cabinet on Monday morning. That afternoon he will make short statements in both Houses of the Italian Parliament, confirming the collapse of his majority.

After debates in the Senate and Assembly, with or without a vote, the Prime Minister is expected to present his resignation to Sig. Sandro Pertini, the Italian President, probably on Tuesday.

That elaborate procedure reflects Sig. Pertini's concern that this time the collapse of a Government should be expressed clearly in Parliament and not, as in the past, result simply from backstage party manoeuvres.

Sig. Andreotti is expected to be asked by the President to

succeed himself. Simultaneously, party leaders will be conducting intense discussions to try to work out a new governing arrangement and avoid early elections, which few of them want.

The Communist decision to return to opposition is the culmination of steadily deteriorating relations with the Christian Democrats amid dissatisfaction in the party over the moderate line of its leadership. Sig. Berlinguer accused the Christian Democrats of failing to honour the letter and spirit of the agreements on which the governing formula was based.

Although the Milan Bourse registered a second successive 1 per cent decline yesterday, the lira remained very steady at about 337 to the dollar.

The stability reflects in part Italy's strong external position: last year's payments surplus topped \$4bn

Bank 'backed Stern' in crisis

BY JAMES BARTHOLOMEW

THE BANK of England told major creditors of Mr. William Stern's property empire to support it in the liquidity crisis of early 1974.

Mr. Stern, the former property magazine whose £104m bankruptcy is the biggest on record, claimed this yesterday at the tribunal investigating the affairs of the Crown Agents between 1967 and 1974.

The Bank of England made it known to the Crown Agents and National Westminster Bank, the largest creditors of the Stern group, that their continued support would be "right, proper and welcome," said Mr. Stern.

And Mr. Rodney Galpin, then deputy principal at the discount office of the Bank of England, had another creditor, International Marine, "on his carpet" after International Marine started to put pressure on Stern for repayment.

But the support did not last long. Mr. Stern first saw Mr. Galpin on April 4, 1974. After being invited to continue their support, National Westminster Bank and the Crown Agents almost immediately sent in Pest Marwick and Mitchell to report on the situation. On May 9, National Westminster told Mr. Stern that the support was over, and he had better call his solicitors.

Mr. Stern did not know whether the encouragement given by the Bank of England was given as thanks for his takeover in 1971 of First Maryland, an insolvent bank, or whether it was part of the Bank's general policy of support. Mr. Galpin was "most sympathetic," said Mr. Stern.

In the course of his statement, Mr. Stern hit back at the Fay Committee which criticised the size of gifts which Mr. Stern had given to officers of the Crown Agents. The committee had taken a "hotter than thou" attitude and "termed as near corruption a totally innocuous practice which was widely accepted in banking and merchant banking."

Mr. Stern said that although the Government was considering what it might do to help, no immediate action was planned because it was felt that serious cash problems would not arise for about two weeks.

It is understood that the Government is prepared to consider helping in individual cases. This could either providing bank guarantees or even direct financial assistance.

"Firms are coming up against difficult decisions this week and next concerning more short-time working, more lay-offs, and even closing their plants," Mr. Varley told the Commons.

There have been few recent examples of panic buying in the shops,

Treasury Bill rates up again

By Peter Riddell, Economics Correspondent

THE UPWARD pressure on short-term interest rates this week was reinforced yesterday by a further rise in rates at the weekly tender of Treasury Bills. The Bank of England has, however, succeeded in preventing any general rise in cost of bank borrowing for the moment, and held its minimum lending rate unchanged at 12½ per cent. Money market rates have fallen back slightly since the middle of the week, when speculation about a rise in MLR was at its height, but rates are still ½ to ¾ of a point up on the week. This is larger than the rise in the average rate at the bill tender from 11.97 to 12.09 per cent, though the true yield on bills is now only just below MLR.

This will mean that the upward pressure on money market rates is likely to continue, and may mean only a postponement of a general rise in interest rates.

The Government continued its funding programme yesterday

A Budget and Finance Bill might be rushed through Parliament in four days if necessary before an early Easter election, if the timetable were telescoped in an unprecedented way.

A Budget could be introduced on the twelfth day after polling. March 6 is the only date for a Budget with a pre-Easter election and April 24 and May 1 are the most likely dates otherwise.

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with the issue of a new £400m variable rate stock 1983. This is intended to meet any further demand for stock of this variety, following the exhaustion of the second of two similar loans, dated 1981 and 1982, issued in May and July last year.

The interest payments on these stocks vary in relation to the average Treasury Bill rate over a specified period. The innovation of variable rate stocks has had a mixed reception from the market, and demand in the main has been a very specialised one from banks.

The terms and conditions of the new loan are the same as on the previous two issues, apart from the maturity and interest payment dates. The Bank of England, through the Government Broker, will respond to bids for the stock from the market from Monday.

Weather

UK TODAY

COLD. Snow showers. London, S.E. and Cent. S. England, E. Anglia, Midlands. Scattered snow showers, sunny spells. Freezing fog patches. Max. 2C (36F). S.W. England, S. Wales, Channel Isles.

Sunny intervals, snow showers. Max. 5C (41F). Wales, all N. England, Scotland, E. of Man, N. Ireland. Snow, possibly prolonged. Bright intervals in places. Max. 2C (36F).

Outlook: Sleet or snow, perhaps rain in S.

BUSINESS CENTRES

	Y'day	Y'day		Y'day	Y'day
	midday	midday		midday	midday
Amsdcm.	10.32	Luxemb.	11.25		
Athens	18.64	Madrid	11.26		
Belgium	10.50	Osaka	11.30		
Berlin	17.83	Paris	19.36		
Brussels	11.51	Stockh.	21.70		
Chicago	10.50	Tokyo	21.70		
Copenhagen	11.30	Winnipeg	14.38		
Dublin	11.30	Zurich	14.38		
Hong Kong	11.30				
London	11.30				

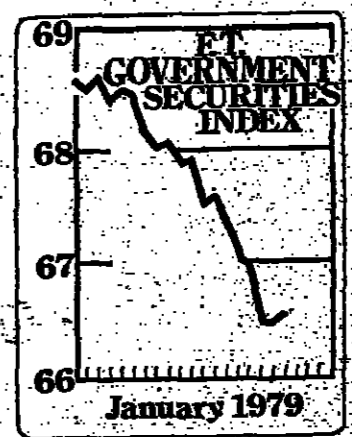
HOLIDAY RESORTS

	Y'day	Y'day		Y'day	Y'day
	midday	midday		midday	midday
Ajaccio	10.50	L. Man	2.36		
Algiers	19.86	Malaga	2.45		
Amsterdam	11.30	M. Pims	2.72		
Antwerp	11.30	London	3.37		
Batavia	11.30	Malaga	13.83		
Bombay	11.30	Malaga	13.83		
Buenos Aires	11.30	Malaga	13.83		
Canton	11.30	Malaga	13.83		
Cebu	11.30	Malaga	13.83		
Colon	11.30	Malaga	13.83		
Hankow	11.30	Malaga	13.83		
Hong Kong	11.30	Malaga	13.83		
London	11.30	Malaga	13.83		

Touching wood for Talisman

THE LEX COLUMN

Index rose 3.1 to 465.0



After much soul searching, the Stock Exchange Council has finally announced details of the tariff for its new, and not very aptly named, computerised settlement scheme, Talisman. Stock Exchange officials are now bracing themselves for the reaction to what for some medium sized equity brokers will be unpleasant news.

The trouble is that Talisman was first dreamed up in the heady days of the late 1960s when stockbrokers' offices were rapidly submerging beneath the ever growing volume of paper. Between 1966 and 1972—when the detailed scheme was approved—the number of annual bargains jumped from 3.1m to 6.7m. To keep pace the Stock Exchange decided it had to revolutionise the settlement system which was clearly under strain. Unfortunately, Talisman was launched just when the markets volume hit a peak. Against a volume of over 25,000 bargains a day in 1972, the number is now running much lower—at an average 11,800 last week for instance.

The problem for brokers is that they are faced with paying for a scheme which looked an ideal solution in the early 1970's but is now less appealing. Many firms have already shed staff—numbers have probably fallen from around 22,000 to perhaps 18,000—and while eventually most firms now have considerably less fat to lose.

At least the scheme has kept reasonably close to schedule both in terms of total costs and start-up date. In addition, the Council has worked hard to produce a tariff structure that favours deals done for the small investor. The original indicated tariff of 65p for bargains of £500 is virtually unchanged although it could have been raised by around 30 per cent to keep pace with inflation.

By contrast the new tariff structure has been reorganised so that the bargains of around £5,000 bear the real brunt of revenue-raising. The decision to put the emphasis on this area could be debated, but the overall object of making the scheme stand on its own feet without subsidy from other sources is eminently sensible. If the rates prove to be too high they can be cut, but if the Stock Exchange was to run into financial difficulties because it had undercharged the users of Talisman, it would be a laughing stock.

Outlook variable

The immediate fear of higher interest rates which gripped the

equity and gilt-edged markets in mid-week had abated a little by yesterday's close, and under the influence of bear closing at the end of the account, the 30-Share Index, at 465.0, was a mere 12.9 points lower on the week. The Bank of England had allowed the market to regain something of its composure by holding Minimum Lending Rate on Thursday in the face of pressure from the money markets.

Yesterday's Treasury bill tender, too, bore all the signs of calming official influence. The low level of applications (only £340m for the £300m of bills on offer), the fairly even sharing of bills, between the discount houses at a price far higher than the levels at which most of them have recently declared themselves buyers, and the true yield on the bills, which was just under the 12.5 per cent MLR, all suggest that the authorities had things well under control. By keeping the bill rate down, the Bank has avoided the embarrassment that would have arisen if the houses had been able to finance their Treasury bill books probably by borrowing from it at MLR, and gained a breathing space ahead of a week of Government/union talks.

But the improved sentiment in the gilt market was upset yesterday afternoon by the announcement of yet another tap stock—£400m of Variable Rate 1983. The Government broker now has three taps going: there was a faint air of resignation about the issue of another variable, presumably the only stock that can be expected to sell while interest rates are under upward pressure. Like the existing variable rate stocks, it yields half a point above the average of Treasury bill rates, which has not proved an attractive formula so far. At present levels a price of around 496 looks about right for the banks which will probably be the main buyers of the new issue. Prices of the two existing variables suffered most, but the whole gilt-edged market moved lower on this reminder of the Government's continuing need to sell stock anywhere, anyhow.

Meanwhile Constructors John Brown has built up its forward order book, so that prospects for this year and next are good, and the trailer business Craven Tasker is performing very well. Against this, however, the machine tool side has slipped backwards, and may only come back in this year against over £2m last time. The hope is that the closure of the loss-making Wickman Lang in Scotland and a cutback at Banner Lane in Coventry, together likely to require a £1m below the line contribution this year, will pave the way for a recovery in machine tool profits next year.

The market liked the statement, and the shares rose 15p to 378—a welcome rally after a weak patch since the rights issue. The prospective p/e on the likely lavish tax charge is now 20 or more than 4—but the yield of 4.6 per cent is no great inducement and there is continuing uncertainty about Brown's well publicised takeover plans. The group is looking for a solid British manufacturing company with overseas interests and pre-tax profits of between £5m and £15m to provide its so-called fourth leg. Despite its healthy cash balances, Brown would need to issue a large chunk of equity to carry off such a prize, and it is hard to see how it could avoid significant earnings dilution when its paper sells on such a low multiple.

BRITANNIA FINANCIAL SERVICES

BRITANNIA INVESTMENT MANAGEMENT

Britannia Financial Services provides investment management services through two companies. Britannia Fund Managers Limited and Britannia Trust Management Limited, to 250,000 investors who have over £220 million under management.

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Britannia Trust Management Limited manages the widest range of authorised unit trusts of any unit trust management group. These meet investors' requirements with growth, income, specialist and overseas funds.

The advantages of unit trusts include the ability to obtain a wide spread of investments which meet personal requirements for a minimum sum of £500. Also, where appropriate, unit trusts investing in shares of overseas companies negotiate loans to minimise the effect of the dollar premium.

For full details of our investment management services, please contact: Stuart Goldsmith, Director, Britannia Financial Services Limited, 3 London Wall Buildings, London Wall, London EC4A 3DF. Tel: 01-583 2777... or send coupon below.

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